



## ***‘The Russo-Hungarian bond: exploring the patron-client relationship patterns in the energy field’***

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## **Abstract**

Since Viktor Orbán came back to power as Hungary's Prime Minister in 2010, his policies have caused a lot of indignation across the Western media and governments (Ash 2019; Horowitz and Karasz 2018; Lehotai 2020). Within the context of democratic backsliding, a rapprochement with Putin's Russia is perceived to be suspicious (Janjevic 2018). Orbán's growing interest in Russia since 2010 was particularly puzzling due to his anti-Russian stance in the past. The U-turn initially kick-started from an "Eastern Opening" policy which was supposed to boost trade with Eastern countries, such as China, Japan, South Korea, Singapore and Russia. The relationship with Russia landed itself at predominantly energy trade turnover with some of the bilateral deals causing major corruption suspicions. The latter ones are the result of high-scale opaque agreements, such as the intergovernmental Paks nuclear plant deal. A certain degree of ideological convergence between Budapest with Moscow 'pours some more oil into the flames'. Media headlines call the relationship between the leaders as "Eastern bromance" (Bozsik and Amiel 2019) and label Hungary as Russia's 'Trojan horse' (Müller 2014).

This study aims to explore and critically analyze what might be considered as the actual foundations of the relationship. By reviewing the existing theoretical literature, it provides its version of patron-client theory as a prism for the case study. The theoretical framework is applied in three phases using textual thematic analysis across the sources. The first phase assesses Hungary's energy insecurity perception in the strategic documentation. The second phase looks at the inequality and reciprocity aspects of its energy tie with Russia. Reciprocity is analyzed through key issues of bilateral energy relations such as gas deals, pipelines cooperation and Paks deal. The third phase of the research deals with the conceptual part of the relationship – it analyzes proximity in the leaders' rhetorical discourse. The results demonstrate that energy insecurity drives Hungary into Russia's orbit. The relationship is further reinforced through mutually beneficial and favourable energy deals and proximity-enhancing rhetoric from the leaders. In sum, the research gives a fresh look at the relationship through properly-sourced evidence and unprecedented research design.

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**List of abbreviations**

**CEE** – Central and East European

**E.ON** – Energy On (Electric utility company based in Essen, Germany)

**EBRD** – European Bank for Reconstruction and Development

**EU** – European Union

**GDP** – Gross Domestic Product

**LNG** – Liquefied Natural Gas

**LTC** – Long-term Contract

**LTSC** – Long-Term Supply Contract

**MOL** - Magyar Olaj- és Gázipari Nyrt. (Hungarian Oil and Gas Plc.)

**MPs** – Members of the Parliament

**MVM** - Magyar Villamos Művek Zártkörűen működő Részvénytársaság  
(Hungarian Electrical Works Private Limited Company)

**NATO** – North Atlantic Treaty Organization

**NGL** – Natural Gas Liquids

**PM** – Prime-Minister

**UN** – United Nations

**USSR** – Union of Soviet Socialist Republics

**US** – United States



## ***Introduction***

Russo-Hungarian bilateral relations have seen an intensification in the past decade. The proximity has been especially vivid since Viktor Orbán's return to the cabinet as Prime-Minister of Hungary in 2010. Historical context surrounding Russia and Hungary includes such events as Russians' help in the suppression of 1848 Hungarian revolution, 46 years of Russian military presence in Hungary (1945-91), Soviets' support for the establishment and maintenance of Communist regime in Hungary, and a Soviet suppression of 1956 Hungarian revolution (Hegedűs 2016, p.3). These though seem to be present only in Hungarian's society historical memory – the official discourse of the countries' current governments does not pick up on these traumatic events. As much as the relationship is enjoyed by the sides, it is not applauded and happily met by some third-parties. The Western counterparts, the European Union, in particular, have regularly raised concerns about the strengthening relationship. They perceive it as part of the so-called spreading 'Russian influence' in Europe (Hopkins et. al 2019). There are also concerns regarding an ideological attraction from Hungarian side - Orbán's turn to 'illiberal democracy' model of governance perceived by some as inspired by Putin's policies in Russia (Jovanovski 2014). The employed accusative narratives have gone as far as labelling Hungary, "Russia's Trojan Horse" (Müller 2014), aimed at bringing in the disruption of unity into the European Union. The Hungarian side, in turn, refers to the relationship as purely pragmatic (Szabó 2019), in which the Hungarian government follows what is called the country's 'national interest' (Kovács 2019). Beneficial gas deals with Russian Gazprom and Paks nuclear plant 30-years deal are just some of the projects that are claimed to have been made in pursuit of Hungarian national interest. This constant advocacy of bilateral relationship backed-up by 'national interest' arguments brings in analytical difficulties – the distinction between the legitimate pursuit of national interest and behaviour that raises suspicions of Russian influence and corruption is blurred (Hegedűs 2016, p.4).

Considering the increased attention of the international actors and media to the relationship, the topic of the current Russo-Hungarian relations is relevant and interesting. The objective of this study is to explore the bilateral tie in a new unprecedented way. However, in order to do so, it is essential to identify the ways that the scholarship has already employed to untangle the issue. The literature review below attempts to do so.

## ***Chapter 1. Literature review***

This literature review aims at exploring what academia has to say about the current Russo-Hungarian bilateral relations. In particular, it covers the literature that is looking at the period since Viktor Orbán's return to the PM's cabinet in 2010. However, the academic interest in the topic seems to have increased in 2014 when bilateral relations intensified as well – with the making of the Paks deal being one of the pinpoints of this intensification. Hence, the date range of the sources adheres mostly to the 2014-2020 period. By adopting a thematic approach, the literature review demonstrates that there are several streamline concepts through which academia analyzes Russo-Hungarian relations. In particular, the authors focus a lot on such aspects of the relations as 'Eastern opening', energy dependence, Paks nuclear deal; some approach the analysis through the prism of ideological proximity between countries' leaderships; some look at the intensification of the relations vis-à-vis Hungary's frictions within the EU. Considering these streamline ideas discovered in the literature, the organization of the literature review proceeds as follows. Firstly, it looks at the evidence of the relations being elite-driven. Secondly, it looks at the part of the scholarship which analyzed the relations within the framework of economic relations and the policy of 'Eastern Opening' in particular. The third part focuses on the group of scholars who focused on energy relations. This section contains a follow-up sub-section on Paks deal. Another part of the literature review looks at a rather non-tangible aspect of the relations – ideological proximity. The review also contains a section that covers the authors who looked at Russo-Hungarian relations vis-à-vis Hungary's EU membership. Finally, the chapter will conclude with the summarizing arguments the authors use to describe Hungary-Russia relations.

### ***1.1. Elite-driven rapprochement***

There is a bundle of studies that agrees on the fact that the current Hungarian government's orientation towards Russia is driven by the elites (Ámon and Deák 2015; Hegedűs 2016; Deák and Weiner 2019). In other words, according to these authors, Hungary's turn to Russia was not a 'bottom-up' initiation, i.e. it did not come up from the grassroots – neither from the interest groups nor from the public. For example, Hegedűs (2016, p.1) argues that these are not traditional Russian measures like propaganda and 'media warfare' targeting public opinion that define Hungary's pro-Russian stance. In contrast, counter to public opinion, the orientation toward Russia is spearheaded by the political and business elite in Hungary (Ibid., p.1). Similarly, Ámon and Deák (2015, p.87) claim that the

government “can be labelled as the main “Russia lobby” – it advocates for the strengthening of business ties more than any other corporate group. The authors call the relations between the countries “business relations without businessmen” (Ibid., p.87) since political elites have a leading role in the matter of ties to Russia. Deák and Weiner (2019) trace back how this came into being. They credit the intensification of bilateral relations back to the South Stream pipeline negotiations. The authors argue that the project served as a catalyst for bilateral relations. Namely, before Russia did not have any influential ‘middlemen’ in local elites that could shape high-scale bilateral agenda, relations with Fidesz had to be built from scratch in 2012 due to Orbán’s anti-Russian rhetoric in the past (Deák and Weiner 2019, p.7). Since the gas value chain was privatized in Hungary, there was no platform on which Hungarian senior decision-makers and Russia could negotiate on gas matters. This had been the case until Orbán conducted nationalization campaign and raised MVM to a state-owned energy champion, hence, creating for his cabinet a full mandate on gas matters. Meanwhile, the South Stream, in particular, “its political preparations attracted the attention of local political elites and established a permanent system of high-level meetings and contacts” (Ibid.). That is, the frequent high-level meetings between two sides is a rather recent development, as according to the authors. In short, the literature pertaining to the agents behind Russia-Hungary rapprochement strongly suggests that the current bilateral relations are primarily spearheaded and led by the political elite.

## ***1.2. Economic interest and “Eastern Opening”***

A considerable body of literature agrees that Russo-Hungarian relations are driven by economic considerations on Hungary’s side (Ámon and Deák 2015; Deák et. al 2015; Buzogány 2017; Deák and Weiner 2019) while the policy of ‘Eastern Opening’ played a crucial role in giving these considerations the utmost priority (Végh 2015; Győri 2019). As per trade, Russia is Hungary’s 3<sup>rd</sup> most important partner for imports, but only 13<sup>th</sup> for exports (Hegedűs 2016, p.1). The 3<sup>rd</sup> place in imports’ ranking is secured predominantly by crude oil and natural gas imports from Russia that constitute 89% and 57% of the Hungarian consumption respectively. Hence, apart from oil and gas, which are, in essence, related to the energy sector, the trade turnover between Russia and Hungary is insignificant in comparison to figures that are produced in the result of trade with their other trading partners. That is why, Ámon and Deák claim that (2015, p.87) “the economic component in this strong transformation [Orbán’s and Fidesz’s turn to Russia] is hard to grasp, but supposedly it played a major role”. The reason why the academics refer to Hungary’s foreign policy’s inclination

towards Russia as ‘strong transformation’, ‘turn-around’ or ‘U-turn’ lies in Orbán’s past anti-Russian rhetoric. Orbán’s government in 1998-2002 was anti-Russian and throughout the 2000s while in opposition he pursued an anti-Russian sentiment in rhetoric (Buzogány 2017, p.1315), criticizing the previous Prime-Minister Ferenc Gyurcsány for supporting the South Stream pipeline project and friendly relations with Putin. While Orbán’s rhetoric was anti-Russian, Hungary overall was assessed as a ‘friendly pragmatist’ in 2007 by a study of EU countries’ relations with Russia (Leonard and Popescu 2007, p.36). Hence, it came rather as a surprise that later on during his 2<sup>nd</sup> and 3<sup>rd</sup> cabinet Orbán placed Russia as one of the main foreign policy vectors. Several authors (Deák et. al 2015; Végh 2015; Buzogány 2017; Győri 2019) suggest that Orbán’s “U-turn” to Russia can be certainly prescribed to 2010 when he announced an “Eastern Opening”.

Despite ending as a failure, a number of authors (Ámon and Deák 2015; Juhász et. al 2015; Végh 2015; Buzogány 2017) have recognized that the “Eastern Opening” laid the foundation for further closer cooperation with Russia. Putting it simply, the new foreign policy direction intended to strengthen economic relations with the Eastern countries, including East Asian ones, Russia, and China. The Hungarian Ministry of Foreign Affairs was reorganized into the Ministry of Foreign Affairs and Trade to reflect the importance of trade in the newly selected foreign policy course. Russia and China got separate departments responsible for them. Starting from 2013, so-called trade houses were established internationally to facilitate the trade, as well as specific diplomatic posts were created to deal with economic affairs (Végh 2015, p.52; Juhász et. al 2015, p.13). The number of Orbán’s visits to countries in that part of the world largely increased, overwhelming even the number of visits into West and Central European partners (Buzogány 2017, p.1317). Alas, the policy did not end up in a success:

However, despite all the diplomatic efforts, business figures remain disappointing. From the business point of view, the policy of the Eastern Opening is a failure; having lost its original meaning, it is increasingly becoming an instrument of an ideological fight for freedom, waged by the Hungarian government against the West, and a tool for developing closer political ties to Eastern “illiberal democracies.” All this is forcefully reflected in the Prime Minister’s speeches and in government communication, emphasizing the crisis of Western civilization, its economic decline, and the imperious power of Brussels and, since 2014, the United States of America (Juhász et. al 2015, p.13).

Although Juhász et. al's argumentation about the larger picture behind the Eastern Opening might be slightly overstretched, the assessment they gave to the role of the Eastern Opening in boosting trade with Russia is shared by other scholars. Indeed, when it comes to Russia, Végh (2015, p.54) assesses Russo-Hungarian trade relations as "very limited, highly asymmetric and one-dimensional", since the major component of trade is composed of Russian oil and gas exports accounting up to 90% of total trade turnover between the two countries. However, one thing cannot be taken away from the equation - the Eastern Opening played an important role in shifting foreign policy priorities, it has been discussed by several authors. Namely, it put economic priorities at the core of foreign policy. According to Ámon and Deák (2015, p.87), in 2014 after a landslide victory at the meeting with the heads of foreign missions, Orbán proclaimed a streamline foreign policy directive for Hungary – the emphasis had to be put on increasing exports' and investments' figures. The ideological component of foreign policy was denied by the Prime Minister, according to him, "ideology-oriented foreign policy was invented by smart countries for foolish ones" (Orbán 2014 quoted in Ámon and Deák 2015, p.87). Similarly, Végh (2015, p.51) argues that, in essence, in 2014 Orbán applied the logic of the Eastern Opening to foreign policy as a whole – a new phase of foreign policy put economic interests at its core. This logic has found evidence within the framework of Russo-Hungarian relations in 2015. When the European Union was initiating sanctions against Russia as a backfire to the annexation of Crimea, Hungary and Orbán, in particular, criticized them as "a shot in our own leg" (Orbán 2014 quoted in Hungary Today 2014). According to the Prime Minister, sanctions would hurt Hungary and the European Union more than they would hurt Russia. However, Hungary voted in favour of all rounds of sanctions (Végh 2015, p.56). Despite this, Orbán managed to demonstrate another rhetoric support to Russia when times were tough for it [Russia]. In 2015 when the rest of the EU turned their backs to Putin, Hungarian Prime-Minister was the only EU leader who invited Putin for a state visit. In sum, the existing research acknowledges that the "Eastern Opening" signified a turnaround in Hungary's policy towards Russia, although it did not achieve the success it was initially aiming at. While few works argue that economic interests drive Hungary's inclination toward Russia, trade figures per se do not support this claim. Whereas relations in the energy sector can be considered as the key drivers of these bilateral relations.

### ***1.3. Energy relations***

The literature on the topic overwhelmingly points to the energy component as the determining one in Hungarian-Russian relations, with Hungary being on the vulnerable end

due to its dependency on Russian energy supplies (Ámon and Deák 2015; Deák et. al 2015; Juhász et. al 2015; Viček 2015; Hegedűs 2016; Deák and Weiner 2019). Végh (2015, p.54) assesses 90% of Russian exports to Hungary to be crude oil and gas. The figures on the extent of Hungary's dependency on Russian oil and gas circulate around 90% and 70% respectively. Viček (2015, p.141) prescribes import dependency of the Hungarian oil sector solely to Russia, whereas regarding the natural gas sector he estimates Hungary's dependency on Russian imports to be around over 60%. Similarly, Hegedűs (2016, p.2) lists the figures of 89% and 57% for crude oil and natural gas respectively. Hence, looking at these figures, the scholarship widely referred to the state of affairs in the energy sector between Hungary and Russia as 'energy dependency', describing the relations to be not balanced with Hungary being on the vulnerable side (Ámon and Deák 2015, p.93). That is why Hegedűs (2016, p.4), for example, to some extent advocates Hungary's recent rapprochement with Russia, claiming that "securing a stable and sustainable natural gas supply for a reasonable price and developing new markets in Russia for Hungarian exports are fundamental national interests that should be pursued by any Hungarian government". Due to its energy dependency, Hungary traditionally supported projects that would be in line with the increase of supply diversification, such as Nabucco, South Stream pipelines or regional interconnectors, Buzogány (2017, p.1315) argues. Whereas some scholars, in turn, assessed Hungary's energy partnership with Russia as rather cautious. Butler and Ostrowski (2018, p.33) assess Hungary as the 'hesitant partner' among countries within the region when it comes to energy relations with Russia:

These states recognise the need to work with and partner Russia in terms of energy supply, but are wary of completely opening up access to their energy sector and will actively oppose Russian investment when not deemed to be in their national interest, but will be more willing to explore partnership opportunities.

However, the authors observe that Hungary is moving towards another bloc recently – the 'collaborator' one. These countries (primarily Serbia) opened up the energy sector to Russian influence and penetration. Hence, although Hungary remains cautious about opening up its energy sector to Russia to a larger extent, their collaboration on energy issues remains on a relatively high level. In sum, agreeing on the fact that Hungary is dependent on Russian gas and oil supplies, the literature has acknowledged that indeed, it would be viable for any Hungarian government by pursuing a national interest to secure and stabilize gas supply from Russia; as well as to seek diversification of supply routes. However, more recently, i.e.

during Orbán's second and third terms, the literature has widely referred to the current energy relations as to *quid pro quo* relations or “gas diplomacy”.

Several authors have emphasized that the current nature of energy relations between Moscow and Budapest have acquired a *quid pro quo* character – with Hungary seeking to secure beneficial deals and Russia expecting political services on the European stage in return. Moscow persists to be a dominant energy supplier not only for Hungary but for Central Europe as a whole. It has a strong mandate on energy-related issues and shapes regional energy relations due to a couple of reasons. Firstly, it remains the cheapest energy source, for Hungary included; secondly, “the transition from bilateral LTCs to hub-based, high-frequency gas markets is a very long one” (Ámon and Deák 2015, p.90). Hence, Hungarian governments sought to secure the stability of gas supply (especially after the 2009 Russo-Ukrainian gas dispute), to diversify the sources of supply and to keep the domestic gas prices relatively low (Deák 2014a, p.1). The latter one has been especially the case for Orbán's government since Fidesz prioritized the social affordability aspect of energy supply. In pursuit of electoral victory, Fidesz adhered to so-called ‘populist energy price policies’ – they aimed at cutting public utilities’ prices to secure electorate's support (Ámon and Deák 2015, p.90; Deák and Weiner 2019; p.5). While between October 2013 and March 2014 the wholesaler company was renationalized in Hungary, Moscow used this window of opportunity and jumped in with a significant bundle of concessions in LTCs with Gazprom. In 2013, Fidesz launched a utilities’ price cut which reached around 25% in the following year and a half – this was a cornerstone of Orbán's 2014 electoral campaign which secured him a landslide victory (Ámon and Deák 2015, p.90). Such a major price cut would not be possible without Russia's favour. Deák and Weiner (2019, p.5) assess this move as one of the strategies of Russian ‘energy statecraft’ where Moscow seeks to “establish a self-supporting presence in Hungarian energy and extend it to other fields”.

Deák and Weiner (2019) take the assessment of Russian energy statecraft in Hungary further by articulating its four distinct features. Firstly, Russia seeks to craft the relations in the energy sector in a way for them to contain large-scale and long-term projects pertaining high management and corruption risks, such as South Stream, Paks II deal, long-term supply contracts that Hungary voluntarily entered into (Deák and Weiner 2019, p. 5). Secondly, on the Hungarian side, the gas sector has undergone a major denationalization campaign, making the energy companies state-owned enterprises. This, according to the authors, on the one hand, improves their international bargaining positions, but on the other hand, paves the way

for corruption schemes, patronage and rent-seeking behaviour. Within the framework of Russo-Hungarian relations, denationalization has created major information asymmetries between the two sides, since Hungary did not have gas sector and sectoral know-how in state ownership prior to 2010; with Fidesz's concept of 'political governance' in place, nationalization has also "subordinated technocratic and economic considerations to political concerns" (Ibid., p.5). Thirdly, Russia-related projects, primarily Paks II deal, have swallowed the flow of investments from public funds for years to come, closing the door for alternative energy market outcomes (Ibid., p.5). Since the regulatory squeezes drove away investments from private investors and companies into the energy field, public funds will be under a huge burden due to these projects. The fourth characteristic that the authors bring up has to deal with Orbán's government's vision of the relations. According to Deák and Weiner (Ibid., p. 6), the government perceives the *quid pro quo* nature of the relations as beneficial for Hungary, since it is in line with 2014 foreign policy vector that set economic and business concerns at the priority of diplomacy. Moreover, the government sees a potential advantage in its anti-liberal, Eurosceptic rhetoric – it expects Moscow to be a "strong buyer" of this rhetorical non-conformity with the EU and hopes to 'monetize' it, i.e. to receive economic benefits from the Russian side (Ibid., p.7). These four characteristics of the energy statecraft have demonstrated themselves in three projects, according to the authors, - South Stream, conveniently timed gas contract concessions and Paks II deal.

#### ***1.4. Paks nuclear plant deal***

The Paks II deal has been discussed by a great number of authors in the literature - while some of the sources give small credit to the deal as to an attempt of energy diversification (Weiner 2017), majority of the pieces perceive it as the manifestation of Russian influence in Hungary (Deák 2014a; Ámon and Deák 2015; Fazekas et. al 2014; Sáfián et. al 2015; Végh 2015; Viček 2015; Hegedűs 2016; Deák and Weiner 2019). Paks nuclear power plant has four nuclear reactors that have been functioning since the 1980s, today they account for around 50% of electric power produced in Hungary (Deák and Weiner 2019, p.9). Two of its blocs were to be decommissioned in the early 2030s due to the end of their life cycle, and due to their value in the country's electricity production, the substitution of the blocs was of the great importance. Alas, the decision for them to be renewed by Russian Rosatom came as a surprise. Ámon and Deák (2015, p.91), Viček (2015, p.146), Deák and Weiner (2019, p.10) argue that the decision came out of the blue – in total secrecy, without any prior consultation with the experts or public, the Prime-Minister's office took the



full responsibility for arranging the deal with Russia. Initially, the contract was about to be put out for a tender where several foreign companies were about to compete, but eventually, the idea of a tender was dropped (Than 2015, p.1). According to the deal, Russia will issue a €10 billion 30-year-term loan under which Rosatom will construct two new reactors. This is by far the largest budget item within the bilateral relations of two countries, accounting for around 12% of Hungarian GDP (Deák and Weiner 2019, p.10). The government representatives praised the deal in the public statements as “deal of the century” and “marriage of convenience, which the partners are increasingly enjoying as well” (Lázár 2014 quoted in Deák 2014a, p.2). Paks was proclaimed to be the core of future energy management in Hungary – the best possible financial deal bringing the cheapest electricity in the future (Sáfián et. al 2015, p.4). The detailed analysis of how exactly the deal is beneficial in the long-run has not been presented - no detailed costs-and-benefits analysis, no background calculations to justify the deal were provided from the government’s side. Moreover, the experts’ community does not have a chance to provide a detailed analysis of the project because its contents (both past- and future-related) were ruled to be classified to restrict public access. This has caused a major discontent within the experts’ community. The decision that came as a surprise raised eyebrows not only domestically. The European Commission has launched an investigation and an infringement procedure based on several factors of the deal – lack of tendering, state aid aspects (80% of the project will be financed by the Russian loan, 20% - by the Hungarian government) and transparency concerns (Deák and Weiner 2019, p.10). However, in 2017 the EC dropped the case (Valero 2017). Entailing many controversies, concerns over the deal found the reflection within the academic literature on Russia-Hungary relations.

The scholarship agrees that although aimed at energy diversification and, therefore, strengthening energy security, the deal ties Hungary to Russia for years to come, hence, increasing dependence on Russia even more; the deal poses more concerns over the potential risks than certainty about potential benefits. Over the time since the deal has been signed, an extensive literature has developed on the potential risks behind the deal. Végh (2015, p. 61) argues that the deal is in direct contradiction with energy diversification strategy since the project will be supplied with Russian know-how; instead of decreasing the dependence on Russian sources, it only strengthens it. Similarly, a report by Fazekas et. al (2014, p.2) from Energiaklub think-tank stipulates that due to the application of new technologies by the Russians, major informational asymmetries will evolve throughout the project implementation

that the contractor may use to its own benefit. Moreover, according to the authors, the high-scale nature of the project creates multiple corruption opportunity windows – this kind of projects create complex relationship systems, under which there is a higher chance of the misuse of the resources by the various subordinates. This is especially the case with the Paks deal where the customer and the contractor are two monopolistic agents: “Bilateral monopolies based on the participation of two parties generate more opportunities for misuse both for the customer and the contractor than standard market contracts” (Ibid., p.2). The corruption risk is calculated to be as high as 13-16% of the total investment (Hegedűs 2016, p.5). Namely, based on the previous experience of high-scale investment projects like this, studies point out that the lack of transparency and public tendering induce bribery and blackmailing (Fazekas et. al 2014, p.39). These transactions, eventually, may result in value as high as 13-16% of the total investment. Deák back in 2014, assumingly due to the timing of the article and, hence, lack of information about the deal, claimed the project to have a certain chance of profitability (Deák 2014a, p.2). However, the author also listed several risks. Firstly, management risks are to be aware of due to Hungary’s relatively poor record of regulation and the corrupted environment. Secondly, according to Deák (2014a, p.2), the cabinet expected the electricity prices on the European market to be high in the future but it has not provided any analysis quantifying the stance of the price of the electricity to be produced by Paks vis-à-vis European electricity price in the mid-2020s. Thirdly, considering Hungary’s vulnerable economic performance and potential global financial jumps, the interest rate aspect of the deal poses huge risks. In fact, the Hungarian side is already seeking to postpone the loan payback until the new reactors start working; meanwhile, construction is behind the schedule – it was supposed to start last year (Digges 2019, p.1). In a similar manner to Deák (2014a), Weiner (2017) argues that to some extent the Paks deal can be interpreted as a diversification attempt since it adds in sectoral diversification. However, it simultaneously decreases dependency on Russian gas supplies and increases dependency on Russia overall. Considering these risks as articulated by the academics, the expert community has even come up with considerable research on the alternatives to Paks. A study by Sáfian et.al (2015) from Energiaklub think-tank develops an in-depth analysis providing supportive evidence for the viable alternatives to nuclear plant – biomass, wind and solar energy. In sum, outlining potential risks, the academic community tends to agree on a highly opaque nature of the deal. Being the largest budget item of Russo-Hungarian relations, the scholarship perceives the deal as a potential extension of Russian influence in Hungary for years to come, which Russia, in turn, may further use to its benefits.

### ***1.5. Ideological proximity***

Distancing from economic and energy aspects of bilateral relations, several studies analyze Russo-Hungarian rapprochement through the ideological prism. Those conclude that even though the ideological proximity between the value systems of current governments in Russia and Hungary cannot be denied, it was not the determining factor in driving the recent intensification of bilateral relations. Buzogány (2017), for example, applies the theory of authoritarian diffusion onto Russo-Hungarian case to test whether it is Putin who inspired Orbán's illiberal rhetoric and policies and whether the stepping onto the rapprochement path can be explained by ideological proximity. The author accepts the fact that there is a possibility of authoritarian diffusion coming from Russian side since the countries [Russia and Hungary] have lots of ideational similarities. Among these he quotes the lack of elite change, elite populism, party polarization, patrimonial capitalism, charismatic leadership and others (Buzogány 2017, p.1309). However, the author concludes that it was not necessarily Russia's projection of its values and practices that led Hungary to choose this model. Rather, the end result stems from this:

In sum, the sweeping political reforms carried out after 2010 in Hungary do have a neoconservative, statist imprint that can be regarded as upholding a paternalist populism, which is critical of the institutions and outcomes of liberal democracy. Some characteristics of this heterodox worldview are indeed reminiscent of Putin's sovereign democracy, but there is no evidence for seeing them copy-and-pasted from Russia. As far as we can see, neither was Russia actively seeking to promote particular policies in Hungary nor was the Hungarian government actively looking for them. Neither Russia nor Hungary seem to follow a clear ideology: in Hungary, the neoconservative ideas are rather fluid and heterogeneous in a way that does not add up to a clear ideology at all. However, there is certainly an overlap both in what Linz has termed "mentalities" and in the way self-serving elites in both countries use ideational aspects to veil their interests (Ibid., p.1314).

That is, the author concludes that the rise of 'illiberal democracy' in Hungary has not been imported from Russia. There is just a certain overlap of 'mentalities' in the leadership. The author argues that is why both Hungary and Russia are criticized for the same stuff by the West – democratic deficits. Hence, to some extent, the recent strengthening of ties might be "fed by their desire to quench their own international legitimacy deficit through mutual recognition" (Ibid., p.1317). Therefore, the author does not fully deny the presence of an ideological component in the relationship, however, his assessment demonstrates it not to be the determining factor in the recent rapprochement.

Similarly to Buzogány (2017), Hegedűs (2016) agrees that although ideological component within the bilateral relations is not negligible, it is not the key driver of the strengthening ties. According to Hegedűs (2016, p.3), Orbán's turn to pro-Russian stance takes its roots in "the national freedom fight against the EU". In this manner, he demonstrated more than once his rhetorical admiration for Putin as the strong national leader, standing for the protection of 'traditional' social values against 'corrupt' liberal influences (Ibid.). He manifested the ideological proximity to Russia in the infamous speech in Baile Tusnad, where he referred to 'successful nations' who are not Western liberal, not even liberal and not even democracies, listing among them Russia (Orbán 2014). However, this rhetoric, according to Hegedűs (2016), has little to do with the actual strengthening of the ties between the governments. In contrast, "the strong ties connecting the large-scale Hungarian business projects to Russia allow the politically organized Hungarian oligarchy access to significant financial gain while giving Moscow an easy tool to control and influence" (Ibid., pp. 6-7). That is, for the Hungarian side these are mostly utilitarian considerations that drive the inclination toward Russia. For Russia, in turn, Hungarian friendship combined with its membership in the EU and NATO is a valuable asset, the author argues.

### ***1.6. Rapprochement with Russia vis-à-vis EU membership***

In this regard, several authors have admitted that Hungary's EU membership is an important factor in the context of Russo-Hungarian relations since Hungary often had to balance its position between the two, engaging in so-called 'pendulum politics'. One of such obvious cases has to deal with the EU sanctions against Russia. In this scenario, Hungary provided the rhetorical support for Russia – it widely criticized sanctions on the European arena. However, it did not diverge from the common European position and voted for all the rounds of sanctions. Buzogány (2017, p.1309) argues "while Hungarian government provided rhetorical support for Russia in cases where its interests were at stake (energy issues, EU sanctions), it never left the common Western line but tried to increase its bargaining position on both sides". Similarly, Hegedűs (2016, p.2) admits that since the Russian-Ukrainian conflict broke out, Hungary managed to balance its position thanks to a 'peacock dance' – 'two steps forward, one step back'. Namely, it supported both the EU sanctions and NATO commitments articulated at Cardiff summit in September of 2014, but it suspended the reverse-flow of gas to Ukraine for a couple of months in 2014-2015. In a similar manner, Győri (2019, p.4) calls this balancing 'double-faced diplomacy'. The government and Fidesz expressed support for Ukrainian territorial sovereignty and for sanctions against Russia, but Orbán himself criticized sanctions while the Ministry of Foreign Affairs and Trade has been

blocking Ukraine's NATO integration due to minority rights dispute (Győri 2019, p.4). Moreover, as Buzogány (2017, p.1315) puts it, timing-wise, "a more pronounced rhetorical embracement of Russia by Hungary has followed EU criticism of diminishing democracy in Hungary". However, the author simply refers to the 'time sequences' without providing any further in-depth evidence. In sum, the scholarship agrees that, as Hegedűs (2016, p.3) puts it, "Hungary's official measures balance its obligations to Western alliance structures with a pragmatic policy toward Russia".

This brings this literature review to the concluding part. Having established a review of key themes within the Russo-Hungarian bilateral relations as discussed by the various scholars, this section sums up key arguments that authors used to describe Russo-Hungarian relations. Thereby, in an attempt to characterize the recent rapprochement between the governments, Conley et.al (2016, p.40) assess Hungary as "willing and vulnerable to Russian channels of political and economic influence" and argue that it goes hand-in-hand with Orbán's admiration of illiberal models of governance and strengthening criticism of Western policies. Several studies (Deák et. al 2015; Buzogány 2017; Deák and Weiner 2019) argue that Hungarian government is driven primarily by economic and utilitarian considerations when it comes to strengthening of the ties with Russia. Ámon and Deák (2015, p.87) call it a 'business relationship on the political level'. Hegedűs (2016, p.4), in turn, acknowledges that Hungarian drive into Russia's orbit is not that black and white since it is challenging to identify a clear distinction between a widely-referred legitimate pursuit of national interest and getting corrupted and falling into the patronage of Russian influence. In this regard, Solodkyy (2019, p.12) assumes that Moscow is fine with Budapest deviating to some extent from a fully pro-Russian course since Hungary alone cannot break NATO and EU policies (sanctions, withdrawal from South Stream project, the expulsion of Russian diplomats after Skrypal case are some proves); however, Orbán's willingness alone is enough to implement Russia's interests at least partially. Several scholars agree that there is a place for the EU's role in Hungary's rapprochement with Russia. Deák et. al (2015), for instance, recognize that the rise of EU scepticism within Hungarian political elites to some extent influences their pro-Russian policy. Moreover, the lack of concerns about democratic deficits in Russia, and since recently even a certain degree of admiration from Orbán's side regarding the type of governance in Russia, fuels the bilateral cooperative tone, according to the authors. When it comes to what is it that is driving Russia's interest in partnership with Hungary, the scholarship tends to agree that Hungary is valuable to Russia only as EU and NATO member – Russia expects to have Hungary's back at the European stage to be able to influence the

EU's decision-making and, potentially, to bring in the disruption of unity within (Hegedűs 2016; Buzogány 2017; Deák and Weiner 2019). Solodkyy (2019) argues Moscow's interest extends further beyond. According to the author, knowing Hungary's focus on kin policy, Russia also seeks to escalate the situation with Hungarian ethnic minority in Ukraine to destabilize it [Ukraine] even more; it aims at using Hungary's back in EU and NATO circles so that to undermine support for Ukraine and get rid of sanctions against itself; to fuel anti-liberal sentiments in Hungary (Solodkyy 2019, p. 2).

It is fair to conclude the literature review with the following: one part of the scholarship is rather cautious with the analysis of the Russo-Hungarian recent governmental rapprochement, whereas another one is not afraid to label the relationship as going beyond pragmatic utility-driven cooperation. Namely, some authors hesitate to label the recent bilateral relations as 'special' (as the Western media outlets and analysts do) and to assess Russian influence to be excessive. Whereas some other scholars describe the relationship as receptive and vulnerable to Russian influence. The main problem with some of the pieces that instead of being in-depth studies based on strong methodology, some of them look like opinion pieces relying on selective evidence and interpretations. However, the literature review as a whole has identified some streamline issues or concepts that are commonly agreed across various scholars. In this regard, the authors recognize that there is an energy dependency on the Hungarian side and that the Paks deal does not seem to help in reducing this dependency. However, the authors consider that overall the rapprochement with Russia was in line with 'Eastern Opening' foreign policy, and, therefore, in line with the pursuit of 'national interest' as articulated by the government. There is limited evidence for the ideological component as the key driver of the intensification of relations. Despite the overlap of mentalities (admiration of illiberal practices, in particular), shared values do not drive the bilateral cooperation, as according to the studies available. When it comes to the role of the EU, the scholars agree that EU scepticism among the Hungarian political elites pushed the pro-Russian vector to some extent. However, it was not as strong as to make Hungary deviate from the common EU line against Russia and vote against sanctions, for example. These themes discussed in the literature help to create a detailed snapshot of the current Russo-Hungarian relations from certain angles. However, none of them manages to present a coherent convincing general picture.

## ***Chapter 2. Theoretical literature review***

As the literature review has demonstrated, the majority of the studies look onto the relationship through the prisms of the Eastern Opening or dependency in energy relations, hence, ending up at limited conclusions that fail to provide a holistic picture of the state of relations. Single-handedly these studies provide answers as to what can be considered the turning point in the Russo-Hungarian rapprochement (Eastern Opening), what is the major cooperation sphere (energy) or what is the largest deal between the two (Paks deal). However, none of the studies attempts to explore these aspects of the relationship in a coherent holistic picture so that to critically make sense of the relationship. Moreover, a limited number of studies utilizes theoretical frameworks in their analyses.

This paper, instead, will attempt to engage with the theoretical literature to fill in the gaps left by the existing scholarship on Russo-Hungarian relations. Namely, employing existing theoretical frameworks we will seek an answer for the following research question: ***“What is the cornerstone of Hungary’s close cooperation with Russia?”***. The word ‘cornerstone’ is used in the research question on purpose because it encompasses several dimensions to it. Within the context of this study, it implies the key rationale and the key factor/driving force that affects the intensification of the relations. Hence, it is possible to divide this main research question into the following sub-questions – ***“what is the key factor affecting the intensifying cooperation between Hungary and Russia?”*** and ***“what does make this relationship to be perceived as particularly close?”***. In other words, the research objective is to critically evaluate the key driving force behind the current governments’ intensified cooperation.

This research will adopt an inductive approach. Namely, it does not pose any hypotheses that it is willing to test. Instead, it sets the research questions as guides to the critical exploration. It is expected that through the analysis of the data, the patterns, relationships and meanings will be identified that, in turn, will help in reaching some conclusions. However, to guide the course of the research, i.e. to structure the research design, a theoretical framework will be of help. Instead of crafting its own theoretical framework though, this research will review the existing theoretical literature in order to find a potentially employable framework. In other words, a suitable theoretical prism will be sourced from the existing scholarship so that to proceed to the research design and methodology crafting.

## 2.1. Literature on 'small states', 'middle powers' and 'great powers' – where do Hungary and Russia fit?

An interesting avenue for the conceptualization and categorization of states is offered by the frameworks of relative size and power. Power is a key concept within the realism theory of International Relations. Its [power's] importance for realism is as huge as units of measurement are important for physics. In this manner, power is widely defined in realist literature through the possession of material resources or capabilities (Long 2017, p.188). These, on a state level, include such indicators as GDP, territory size, military capabilities, etc. However, there is more to that. The primary role of power is not the number of material resources, but rather the ability to exercise them so that to influence the course of actions of other actors. The key realist theorists Morgenthau and Mearsheimer both promote this understanding of the concept of power (Ibid.). Hence, based on this logic, the relative disparities in power produce categorization and even hierarchy across states. Putting it simply, depending on the extent of power a state possesses, or the lack of power, it might be weak, strong, or somewhere in-between. The terms weak and strong became interchangeably used with 'small' and 'great' to differentiate between states. Therefore, in the scholarship, a 'weak state' or 'small state' or 'small power' would mean the same, and would be opposed to 'great power'. Handel's (1990) framework on weak, a.k.a. small, and strong states in the international system might be of help in shedding some more light on the issue and explaining relative power disparities and states' categorization. According to him, states' categorization is not black and white – i.e. there are not just weak states and strong states. Instead, both power and its lack, i.e. weakness, are a continuum identified by a variety of indicators (economic, military, etc.) where small states and great powers fall onto. Based on the aggregated estimation of power, small states and great states lie towards the opposite ends of the continuum. A figure below demonstrates that.

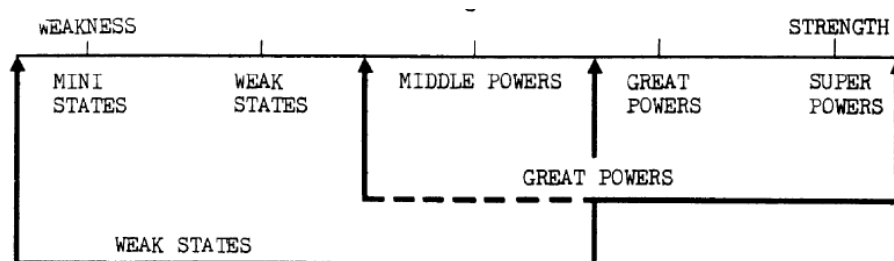


Figure 1. International power hierarchy as a continuum (Handel 1990, p.11).



Using this framework, it would be possible to categorize both Hungary and Russia into one of these groups. To support any potential argumentation, there is an existing scholarship that attempted to categorize Hungary already. Szalai (2017), for example, tests whether the identity of smallness has any effect on Hungarian foreign policy. First of all, Szalai (2017) argues that Hungary is a small state according to the following encompassing definition: “small states ... those entities whose size in terms of territory, population, economic output and military capacities are below the average of their region” (Szalai 2017, p.348). Together with another subject of his research, Slovakia, the author assesses Hungary to be a small state both within the European Economic Area and in its broader neighbourhood, which includes candidates and potential EU candidates, Eastern Partnership countries and Russia. Hence, within the EU and on a broader neighbourhood level, according to the author, Hungary is a small state. However, the main conclusions that the author derives from the research are the following – 1) the identity of smallness is almost not present in Hungary’s official strategic documentation; 2) the identity of smallness is not affecting Hungary’s current foreign policy. Referring to Prime Minister Orbán’s statements, Szalai (2017, p.356) claims the leader rejected ‘weakness’ as a guiding principle of the strategy and set the country on a course to making Hungary strong through economic means. In sum, Szalai (2017) disproved that identity of smallness is either present in Hungary’s foreign policy discourse or influencing it, but he categorized Hungary as a small state.

However, one may disagree with this categorization and call Hungary a ‘middle power’ instead. Szalai’s assessment omits such important factors as Hungary’s NATO and EU membership that potentially add strength to the members in military and economic terms. Namely, under NATO’s article no. 5 regulation, allies have a right to join in military combat to protect an ally if it is attacked. Or, in the case of the EU, in economic and financial terms, an EU member is not on its own as well. In times of financial difficulties, the member states may count on EU bodies’ support, in the form of grants, loans or some benefit packages. That is, the economic power of a member of this regional organization cannot be measured per se. Its economic power is potentially enhanced through the membership of the EU. Hence, even on the level of the neighbourhood, that Szalai is using, membership in NATO and the EU adds greater potential power that the members might use. Therefore, one would be right to admit that depending on the level of measurement and when compared to the outsiders of the EU and NATO, Hungary might be categorized not as a ‘small state’ but rather as a ‘middle

power'. It would be right to conclude that Hungary's categorization can be shifted along the continuum.

However, since we are trying to categorize both Hungary and Russia, it would be fair to juxtapose the two to fix the categorizations. Russia is commonly agreed to be categorized as a 'great power'. This categorization has been especially applicable to the USSR back in the Cold War times when the bilateral competition with another 'superpower', the US, was defining the world power politics. Due to the collapse of the USSR, Russia's 'superpower' status has become a thing of the past. However, its 'great power' status holds after it. Its possession of the vast amounts of natural resources, the world's largest territory and huge military capabilities add a lot to its relative power. Moreover, when put on a continuum or in comparison with lesser states, be it 'middle powers' or 'small states', Russia's 'great power' status remains salient. Therefore, when compared to Hungary, it is not as important whether Hungary's status is one of a 'small state' or a 'middle power'. The disparity between the two [Russia and Hungary] is key. Similarly, (Rostoks 2010, p.87) argues "relational power or, to be more precise, relational weakness is the main characteristic of small states", meaning asymmetry vis-à-vis more powerful states is key in categorizing small states. One would be right to contest this categorization for both of the countries and argue that both of them can be shifted along the continuum depending on factors considered or the level of measurement. However, these small margins along which both Russia and Hungary can be shifted become almost unimportant when two countries are juxtaposed against each other. Therefore, it would be analytically valuable to look at the relationship between Hungary and Russia as the one between a 'small state' and a 'great power'.

## ***2.2. 'Small states' and 'great powers': potential explanations***

The theoretical conceptualizations of relations between small states and great powers are numerous. Realism would argue that small states following the calculations of relative power between them and great powers, could potentially bandwagon with great powers, meaning ally with them if threatened. This, according to various explanations, might happen to avoid an attack of a great power later on or to receive the share of spoils of victory from a great power (Walt 1985), for example. Schweller (1998), in turn, argues a small state is driven to bandwagon with a great power mostly by profit considerations, as well the wave of the future, anticipating the great power to be the leading power in the foreseen future. However, both Walt's and Schweller's explanations are not valid ones in the case of Hungary. Both of

the works are heavily influenced by World War II and Cold War contexts when the world was split into military camps and relative power calculations were a key driving factor behind foreign policy orientation. Even though Schweller's argumentation on profit and 'wave of the future' considerations dominating small states' logic might resonate with Hungary's foreign policy, does not apply to modern-day Hungary. Namely, it can explain some motivations for Hungary's intensified cooperation with Russia, like Hungary's 'interest-driven' foreign policy or it could potentially correlate with Orbán's admiration of illiberal types of governance and Russia in particular and him putting stakes on them as future economic leaders. However, the key assumption of realism that a small state would seek an alliance with great power is not valid here. Indeed, bandwagoning implies military aligning with a great power, which Hungary is not willing to do with Russia – its NATO and EU membership is solidified in its security and foreign policy strategies. It would be a different case scenario if Hungary was not in the EU and NATO. Although in theory, Hungary could have opted for military neutrality during the transition times, it did not do so. Together with other Central European neighbours, Hungary chose the Western military alliance so that to distance itself from the former 'big brother', Russia. In sum, realism and its branches can shed a light on Hungary's recent intensification of relations with Russia only partially. It can explain some of its motivations, but it fails to explain why having secured its military alliance with one camp (NATO), it might still seek to engage with another strong power. Traditional realist explanations are outdated to be applied to the Russo-Hungarian case – they put emphasis primarily on relative power calculations as a guiding principle of small states' logic and their desire to achieve a military alliance with a strong entity as an end-goal.

Long (2017), in contrast, approaches the study of small states by looking at the various sources of power the small states might seek to employ. Among them he lists collective (through building coalitions), particular-intrinsic (through the exercise of available resources) and derivative (through a relationship with a great power) types of power. Derivative power, according to Long (2017, p.196), is acquired by the small states "by convincing larger states to take actions that boost their interests". In this regard, Hungary's rapprochement with Russia might be seen as part of the desire to derive power from a great power, such as through beneficial energy deals or through advancing trade. Namely, via advancing trade and securing energy deals, it seeks to achieve greater material advantage and, hence, greater power. While this conceptualization might be applicable, the explanations it would provide would be partial. Namely, it provides only a one-sided explanation for why a small state might want to engage

with a great power. It does not give answers on why a great power might intensely cooperate with a small state. Therefore, both the traditional realist concepts of ‘bandwagoning’ described earlier or Long’s ‘derivative power’ might shed just some light onto the motivations behind the intensification of Russo-Hungarian relations. A more comprehensive theory is needed.

### ***2.3. Patron-client theory: the origins***

Patron-client types of relationship are a subject of discussion in the literature not only on international relations but also on domestic politics and sociology. The concepts of patronage and cliency take their roots in social and cultural anthropology. Their usage later had a spillover into comparative politics where the academia uses the concepts to analyze the patronage patterns in states domestically, as well as into the studies of interstate relations. In his study of patron-client politics in Southeast Asia Scott (1972) defined the relationship as:

...dyadic ties involving ... instrumental friendship in which an individual of higher socioeconomic status (patron) uses his own influence and resources to provide protection and benefits ... for a person of lower status (client) who ... reciprocates by offering general support and assistance including personal services, to the patron (Scott 1972, p.92).

In this framework, i.e. in a domestic political context, the patron-client relationship has been identified as a dyadic mutually beneficial exchange between the actors with a major status asymmetry. The inquiries into such connections on the domestic level are numerous in literature. The term has later evolved to be referred to in such studies as ‘clientelism’ (Scott 1972; Hicken 2011). Therefore, ‘clientelism’ should not be interchangeably used with ‘international patron-client relationship’ term. The former one refers to the dyadic tie between the patron and the client within the domestic context. The application of the patron-client relationship framework to the interstate relations though has not been witnessed until the 1980s. Shoemaker and Spanier’s (1984) and Carney’s (1989) frameworks are the very few developed in the field so far. Shoemaker and Spanier were pioneers who developed a theoretical framework of patron-client relationship applied onto the international level.

#### ***2.3.1. Patron-client relationship: Shoemaker and Spanier’s framework***

Shoemaker and Spanier’s contribution to the research on international patron-client relationships is one of a few available. The authors kick-start their exploration of patron-client relationship in-between states assuming that security is the main concern driving such

association where security transfers between the actors are especially salient (Shoemaker and Spanier 1984, p.14). That is, patron-client relationship, in the authors' understanding, is primarily about security transfers, not economic ones. That is why they, and scholars of the field later, argue that research on patron-client associations occupies a separate niche, different from dependency theory.

According to the authors, the patron-client relationship based on security transfers is mutually beneficial. The patron is receiving the *quid pro quo* favours from the client, whereas the client can achieve a higher level of security thanks to the patron's transfers. Due to the nature of the relationship, i.e. it being not a legalized military alliance, this kind of partnership has its distinct characteristics. In this manner, Shoemaker and Spanier (1984) were the first ones to address the previous research by arguing that in fact, a patron-client relationship is not rigid. According to the authors (1984, p.16), the partnership instead is "fuzzy, fluid and fluctuating, subject to constant change and only sharply defined in the context of a crisis". Based on this, the authors develop a set of dominant features that patron-client association is characterized by.

Shoemaker and Spanier (1984) articulate three distinct characteristics of a patron-client relationship. Firstly, they argue, a major asymmetry in military capabilities is present in these relations. This makes the security transfers flow unidimensional – from a patron to the client (Ibid., p.13). Secondly, in such a relationship the client plays a crucial role in the patron's relative advantage against its competitors. The authors assess this factor as the one keeping the parties interested in a bond – the greater advantage the patron gets from the association with the client, the more interested he is to keep that bond consistent and the more leverage, accordingly, the client gets over the patron. Thirdly, the authors argue there has to be a critical 'perception' element to a patron-client relationship (Ibid.). Namely, from the external point of view, the relationship has to be perceived as strong and consistent, manifested through, for example, regular meetings of the actors. Moving beyond the general characteristics of the relationship, the authors also outline the goals that drive both the patron and the client into such associations.

The patron, the authors argue, is driven by three considerations – ideological convergence, international solidarity and strategic advantage. In this manner, the patron might seek the client's adoption of the patron's very own ideological system so that to signify its superiority to the adversaries (Ibid., p.18). The international solidarity which patron might

desire is manifested through the client's supportive rhetoric of the patron's policies on the international arena, including the alignment of voting at the UN. Strategic advantage, in turn, pertains to the patron's access to the client's resources, territory, for example, that can facilitate the promotion of the patron's strategic interests. In traditional security terms, an example of this would be the establishment of the patron's military bases on the client's territory. The client's goals, as was argued earlier, are primarily identified by his security concerns. Namely, at the lower threat levels the client will be far more difficult to manage for the patron; and vice versa, the higher the security threat level for the client, the higher chance for the patron that his demands will be met on the client's side (Ibid., p.22).

Based on these assumptions, and the extent to which either client or patron can gain control over another, Shoemaker and Spanier develop a typology of patron-client relationship, claiming there can be six variations of this relationship depending on the factors considered: patron-centric, patron-prevalence, influence parity, patron and client indifference, client prevalence and client-centric (Ibid., p.23). They further apply this framework onto the Cold War context – the relationships between superpowers and Third World countries back then.

In sum, Shoemaker and Spanier's framework takes into consideration important factors that might be driving actors into a patron-client relationship, but it is extensively shaped and framed by the Cold War context in which the work was produced. On the one hand, the authors move beyond traditional realist assumptions, such as that all actors at all times are focused on power maximization, and they further consider international hierarchy structure in their strategic calculations. On the other hand, this contribution might have been notable back in the 1980s but not in the modern context. Namely, the authors' primary focus on traditional security concerns is outdated. In the modern international structure, the ultimate goal of the small states or middle powers is not survival anymore. Many of them, including ex-Communist block countries, chose Western military alliances, such as NATO. While some of the traditional security threats might still be actual for them, such as regional conflicts, imperial inclinations of great powers (Russia's proxy wars in the Eurasian region, for example), the military survival in its pure sense is off the table for them thanks to their NATO membership. This includes Hungary - even though some security threats are present for it, considering its geographical location, article number five of the NATO treaty guarantees the allies' military support in case Hungary is attacked by the adversary. In other words, Shoemaker and Spanier's version of the theory in its pure form is probably too simplistic to account for the modern-day realities.

### 2.3.2. Patron-client relationship: Carney's framework

Carney's (1989) contribution to the exploration of patron-client relationship is influenced largely by Shoemaker and Spanier's one and develops it further in terms of characterization. Carney (1989, p.44) widely defines a patron-client relationship as "particularized and reciprocal relationship between two actors controlling unequal resources" where "the relationship is not viewed as a zero-sum game by any party". However, Carney takes his development of the theory beyond this definition, outlining criteria for a patron-client relationship, as well as motivations to enter in such a relationship for both parties.

According to the author, there are four generic criteria or elements through which it is possible to categorize a relationship between two states as a patron-client one. The first element of a client-patron relationship is *asymmetry*. In this regard, patron and client have unequal resources, be it military or economic. The asymmetry is especially salient in the relationship between a great power and a less-developed country. Secondly, a patron-client tie is characterized by *reciprocity*. Namely, the relationship has to be two-sided to satisfy the criterion of reciprocity where each side can provide to the other one some tangible or non-tangible benefits. Carney (1989, p.45) calls it "the dyad give and take". The third element is rather vaguely defined at first but is followed up by Carney later on – *affectivity*. The author claims that beyond being purely driven by benefits there has to be a certain degree of affinity or loyalty towards the patron coming from the client. The affectivity is intensified with the greater difference of status between the countries, hence, goes hand-in-hand with asymmetry. Referring to Lemarchand and Legg (1972), Carney (1989, p.45) argues that relationship gets more stable with asymmetry rising, and vice versa, the closer the actors get to equality of resources, the weaker the affectivity is. Lastly, Carney (1989) considers *compliance* as the key indicator of a patron-client relationship. Putting it simply, the patron would expect the client to comply with the crucial matters of its interest, be it voting in the international organizations or support for the patron's projects. The aligning of the voting with patron's request in international organizations like UN, for example, would be a 'litmus test' for the compliance. Additionally, there are other ways in which a client's compliance may take place. One of those is the client's relationship with the patron's main enemy. The greater the degree of compliance is, the more conflictual the relationship of the client with that enemy would be (Ibid., p.52). The client's stance toward this actor might range from rhetorical disapproval of patron's adversary to tangible conflictual policies. In this and other types of compliance, it

becomes clear that compliance is not that black and white. Carney (1989, p.45) perceives the client's degree of compliance along the continuum:

Client behaviour can be thought of as existing along a continuum running from compliant to non-compliant. Between these two ends lie the degrees of compliance. Depending upon the issue, client behaviour can fall anywhere along the line. The higher the degree of compliance, the stronger the relationship. Yet, as one may expect, clients cannot always comply with patronal wishes. Instances of non-compliance are not necessarily problematic, provided that they occur infrequently and that the issue in question is not crucial to patronal interests. At any rate, a critical feature of client-patron relationships is client compliance.

Therefore, Carney (1989) assesses compliance to be the key indicator of the patron-client type of relationship, but he acknowledges that client's behaviour might vary from compliant to non-compliant along the continuum at different times depending on the matter and circumstances.

Beyond the general characteristics of the patron-client relationship, Carney also articulates the factors, or motivations, that drive the actors to enter in such kind of relationship. On the client's side, the author lists three such factors. First, a small power might want to engage in a patron-client relationship with great power so that to enhance its *position and status vis-à-vis other actors*, be it regional neighbours or international third parties. Among the examples US-Pakistani, US-South Korean, Soviet-Ethiopian relations back in the 1980s are listed. Second, a client might be driven by a desire to *alleviate its material deficiencies* thanks to the relationship with a patron. Most importantly, this becomes crucial in the domestic context of a client. Namely, by distributing the received material benefits from the patron among the population fairly, the client may enhance its domestic support and legitimacy (Ibid., p.48). That is, the client's government's domestic ratings, as well as the perception of its association with the patron, might improve if the public receives a share of the material transfers from the client. In contrast, if the client fails at fairly distributing the benefits among the population, it might suffer from domestic audience costs. In this case, even protests and unrest might follow, Carney argues. The examples that the author demonstrates are "Iran under Shah, the Philippines under Marcos, Nicaragua under Somoza, Cuba under Batista" – in these cases US' patronal support for these client regimes has resulted in a diplomatic embarrassment since the corrupted regimes failed to fairly distribute



the material transfers among the population and caused social unrest (Ibid.). Third, a client might be attracted to a patron as to a '*friend*' to associate within a '*harsh international environment*' (Ibid.). Given the vulnerability of small states, the instabilities in the political economy field, having a great power 'friend' to rely on for support in difficult times becomes a rational choice. In this case, the author lists the examples of the less developed countries for whom having an economically successful partner was a 'buffer' to rely on in the economic downturns. Overall, the client is primarily driven toward the patron by material considerations to improve domestic welfare situation and its own domestic stance, as well as to have diplomatic support against potential adversaries or in case of international system instabilities.

In comparison to the client, the patron does not need material goods in return - his expectations are intangible returns. To articulate patron's motivations, Carney (1989) borrows a framework from Shoemaker and Spanier (1984) claiming patron's motivations have three goals. Firstly, a patron might seek *ideological convergence* from the client's side. It can even put the aligning ideology as a prerequisite for the provision of certain benefits. For example, the US under the Jackson-Vanik amendment put the improvement of human rights as a precondition for trade. Theoretically, the client's noncompliance with ideological demands of the patron does not always destroy the relationship, unless a patron makes the ideological convergence an inflexible prerequisite. Secondly, a patron might seek client's *solidarity*. Carney (1989, p.50) argues it might take several forms: "treaty obligations, visits by heads of states, the convergence of United Nations voting, and international pronouncements of client support for the patron, especially in the face of international controversy". An example is how smaller client states supported the US-led boycott of the 1980 Olympic Games (Ibid.). In sum, it might vary from some rhetorical support on the international arena to binding deals such as the signing of the treaties. Thirdly, as assessed by the author, the potential *strategic advantage* that the patron might gain from the client is the most important factor that drives patron. Either through or with a client, a patron seeks to control territories or resources that it deems crucial for its strategic goals. A manifestation of this would be the usage of client's territory for deploying its military capabilities there by the patron. Alternatively, a patron might use the client as a 'surrogate' in a regional conflict instead of engaging in it by itself (Ibid., p.51), as, for example, USSR used Cuban, East German and North Korean troops in the African civil wars. That is, in contrast to material tangible benefits driving the client, the patron is driven

by nontangible motivations such as solidarity and ideological convergence, as well as by potential usage of client's territory to advance its goals.

Apart from clearly articulated criteria of patron-client relationship and motivations that drive the actors to enter into it, Carney also provides some indicators that might help analytically in spotting a patron-client relationship. He argues that such a relationship would be characterized by decency of *military* and/or *economic* and/or *cultural* linkages. Military links can take a form of alliances, treaty pacts, military aid or direct military presence (Ibid., p.52). Economic ones can be manifested in many ways – from intensive exports and imports to loans, grants, access to market and technology. Cultural linkages can be identified through student exchanges, flows of tourists and reliance by the client on the patron's information or media. Among these, the author points to the importance of economic linkage. He claims if the client's heavy reliance on certain 'goods' from one single partner is spotted, it is a fair 'red flag' for the presence of a patron-client relationship. Moreover, in a client-patron relationship, the patron often performs a role of a "guarantor" to the client, providing, in some sense, to its security, be it physical or economic (Liska 1978 quoted in Carney 1989, p.47). Nevertheless, despite these seemingly easy-to-detect indicators of client-patron relationship, Carney, similarly to Shoemaker and Spanier, concludes that most of the times it is rather fluid and vague. It is often fluctuating, changing and gets sharply defined only in a critical moment (Ibid., p.47).

In sum, Carney has managed to develop a more extensive framework of a patron-client relationship, including not only security dimensions of the relationship but the economic ones as well. He went beyond a simplistic understanding of the client's motivations, as well as articulated four characteristics of the relationship. However, this extensive elaboration not necessarily added the analytical value to the framework's potential implementation. While the actors' motivations are articulated rather clearly, the four characteristics seem to require greater precision. He did not elaborate enough on which of the aspects of the relationship – military or economic ones – should be considered as the cornerstone of the patron-client relationship. In this logic, probably Shoemaker and Spanier's focus only on security considerations was more analytically fruitful. Moreover, it is unclear what is the analytical value of the military, economic and cultural linkages described in the paragraph above. The author does not provide guidance on whether the testing for a patron-client relationship should be implemented along with them [linkages] as parameters, or should they rather serve as a pre-test for further analysis of the characteristics (asymmetry, affinity, reciprocity and

compliance). As a result, Carney's framework, trying to encompass too many factors, ended up providing sporadic analytical tools with little explanation about which one of them are primary and which are auxiliary.

### *2.3.3. Is patron-client theory applicable to the Hungary-Russia case?*

Both Shoemaker and Spanier's and Carney's frameworks on patron-client relations are heavily influenced by the Cold War context. The authors relied heavily on realism and *realpolitik* assumptions about international relations. Namely, in the prism of these studies, the main goal of small states is survival. Hence, they sought affiliation with stronger power, i.e. patrons. Moreover, the snapshot of patron-client nexus was rather simplistic back in the Cold War times. Strictly speaking, there were two major patrons to choose – USSR and US. Hence, the clients could easily derive their leverage from defecting to switch the side (Kosto and Blakkisrud 2017, p.506). Even though Shoemaker and Spanier managed to move beyond assuming the military alliance as a sole possible kind of affiliation between greater and smaller powers by offering patron-client theory – it is less often applicable in the modern international arena. To be more precise, the version of the theory in which both Carney and Shoemaker and Spanier offer it does not provide a valid framework to be applied to the modern-day cases. This also includes modern Russo-Hungarian relations.

Shoemaker and Spanier's extensive focus on security nexus of the relations, for instance, is not potentially useful to explain current Russia-Hungary relations. The relations between the two in traditional security aspect do not have any potential for transfers and even more so for the establishment of patron-client relationship. The two belong to two different military blocks. Hungary's NATO membership, as it was mentioned earlier, is solidified in the National Security Strategy. Hence, there is no room for manoeuvring and engaging in the traditional security field with Russia. Orbán himself highlights this fact in the speeches at bilateral meetings with Putin: "Russia and Hungary move in two different spheres when it comes to geopolitical issues" (Orbán 2017). However, according to Orbán (2018) himself, this does not cancel out the opportunities for cooperation in other spheres: "While we belong to different military alliances, we both have an interest in maximising our successes" (*mindketten a sikereink maximalásában vagyunk érdekeltek*). That is, Shoemaker and Spanier's framework in its pure form cannot be applied to the Russo-Hungarian case. Carney's framework, in turn, as it was argued earlier above, does not clarify any particular sphere that should be the analytical nexus for patron-client relations. The author suggests

incorporating into analysis various aspects of relations – from military to economic and cultural. Therefore, sticking to Carney’s framework, which in part is borrowed from Spanier and Shoemaker, would also be unreasonable if one wishes to produce valid arguments about Russo-Hungarian relations. Hence, an alternative modification of these interpretations of the theory would be an option.

However, a search of such in the later literature on the topic does not bring any fruitful results. The literature on patron-client relations, as it was mentioned earlier, has further evolved but focused since then solely on domestic contexts with clientelism being the primary term used. The international dimension of these relations did not witness coverage in the literature after Shoemaker and Spanier’s and Carney’s works saw light. The very few recent works that try to implement the framework onto case studies agree on the “death of scholarship” (Zaman 2015, p.17) and the concentration of the theoretical literature solely on the Cold War context (Kosto and Blakkisrud 2017, p.506). Moreover, even looking at the two available frameworks by Carney and Spanier and Shoemaker, it can be noted that the conceptual clarity has not been reached. While Shoemaker and Spanier offer security-centred approach, Carney, although partly borrowing some assumptions from them, broadens the spectrum to all the aspects of bilateral relations – military, economic and even cultural. Therefore, an altered version of the theory applied to a modern-days case would be a major contribution to the field.

### ***Chapter 3. Research design and methodology***

Having established a review of potential theoretical frameworks to be employed, this chapter will develop a refined version of patron-client theory to be applied onto the Russo-Hungarian case. It will introduce the research design through which the framework will be applied and the methods to be used for data selection and processing.

#### ***3.1. What is wrong with patron-client theory and how to refine it to re-apply onto Russo-Hungarian case?***

As the previous chapter has demonstrated, there are several limitations in the patron-client theory as articulated by the scholars of the field. Namely, there are key things that are the modern realities and that do not allow for the mimicking of the framework in the Russo-Hungarian case. It is, first of all, Hungary's EU and NATO membership. One cannot assume Hungary's cooperation with Russia in the traditional security field. Hence, this cancels out the applicability of Shoemaker and Spanier's framework in its pure form. Second, although power and resources disparity between Hungary and Russia might come across as undeniable at a first glance, one may disagree with this argumentation providing a deeper analysis. One can argue Hungary's EU and NATO membership in itself is a major resource which balances back the disparity and adds extra credit to Hungary's side, hence, making Hungary and Russia not that unequal of the partners. In this logic, one would be fair to argue that patron and client terminology is not applicable even potentially to Russia and Hungary respectively. Hungary is not a helpless third-world small-state seeking for an almighty superpower patron to guarantee its survival, as Carney and Shoemaker and Spanier suggest clients should be. Lastly, as in Carney's framework, the client's compliance is the main indicator of a patron-client relationship, one could argue it would never be a component of Russia-Hungary relations. This would never take place since Hungary's EU and NATO membership would hurdle any potential compliance that would go beyond the rhetoric support.

However, the alteration of the focus solely on the energy component of Russo-Hungarian relations would make the application of the patron-client framework possible. Zooming in into energy relations between Russia and Hungary, the patron and client terminology does not sound like an exaggeration anymore. It allows addressing the limitations due to which the patron-client theory would otherwise be inapplicable to the Russia-Hungary case. Firstly, the disparity of resources and power that was not as obvious on the general level comes in as striking on the level of energy analysis. As it was demonstrated by the literature

review, Hungary heavily depends on energy imports from Russia. Therefore, this energy dependence is a hard pro- for the application of patron-client relationship theory, since inequality in power and resources is one of its key elements. Secondly, as argued by Shoemaker and Spanier, security has to be of a concern for the client for him to enter into a relationship with the patron. The traditional understanding of security and insecurity is off the table for Hungary as NATO's member, but the issue of energy security is not. Energy security, or rather its lack, to which the scholars often refer to as insecurity, is of paramount importance for Hungary. Insecurity is defined as "a situation in which vulnerability from a particular danger or threat is perceived to exist" (Butler 2015, p.1). The literature review has demonstrated that certain factors are perceived by Hungary to be potential threats to its energy sector – such as lack of diversification across supply sources and supply routes that might result in potential supply disruptions. With natural gas making up a third (33%) of Hungary's energy use (Butler 2018, p.157), the insecurity of natural gas supplies is particularly troubling for the current government. It will be the purpose of this research to establish whether, and if yes, how strong, security energy concerns are reflected in the government's strategic documentation and, most importantly, how does it spill over into the energy relations with Russia. However, at this point, the literature review did establish that the energy tie is the most salient within the Russo-Hungarian bond. Hence, it would make sense to dive in deeper into its exploration. In this regard, the application of the patron-client framework to untangle the energy relationship will be helpful.

Namely, without giving away any answers at this point, the Russo-Hungarian energy tie looks slightly confusing. On the one hand, Hungary's unidimensional dependence on gas supplies poses huge risks for Hungary. This has demonstrated itself during the 2006 and 2009 gas crises when the transit of gas has been disrupted by Ukraine. This served as a litmus test for Hungary's gas supply insecurity – not only it depends on a sole supplier – Russia, but also the routes of supply are limited. Hence, due to these events, it would make sense to seek ways out of this unidimensional dependence. On the other hand, Hungary tries to secure a stable supply from Russia on beneficial terms and conditions in the interim. This ambiguity needs to be clarified.

In sum, focusing on energy transfers component of the relations between Hungary and Russia allows addressing the limitations due to which the framework of the patron-client relationship would otherwise be inapplicable. The key patron-client characteristics as articulated by the various authors reviewed in the theoretical chapter, including inequality,

and a mutually beneficial exchange which allows the client to increase its security, are there. They manifest themselves in Hungary's energy imports dependence on Russia itself. However, a detailed analysis using a refined patron-client framework is needed.

### ***3.2. Refined patron-client theory***

Drawing upon the existing works in the field, and keeping in mind the drawbacks and limitations of those, as well as the energy security context of Russia-Hungary relations, this paper presents the author's revised version of the patron-client relationship framework. I will keep the hardcore assumptions of the theory and drop off those that do not apply to the Russo-Hungarian case. Moreover, Shoemaker and Spanier's and Carney's frameworks together outline a huge amount of characteristics and assumptions. Hence, it is necessary to refine them into a coherent set applicable to Hungary-Russia case.

- ***Security concern***

I will stick with Shoemaker and Spanier's suggestion that there should be a certain degree of security concern for a client to get closer with the patron. In comparison to other potential theoretical explanations, Shoemaker and Spanier's one is the only one that goes in-depth and provides this background condition, or control variable, so to say, to explain the motivation behind the client's close engagement with the patron. Moreover, the literature review on the Russo-Hungarian relations has indicated that energy security concerns are of paramount importance for Hungary at the moment both on a general level and within the framework of bilateral relations with Russia. Therefore, a further investigation into Hungary's perception of its energy security can indicate potentially valuable explanations for why it got closer with Russia. Similarly to the theoretical framework of Shoemaker and Spanier, I will consider security concern as a background condition, or a pre-text, for the formation of a patron-client tie. However, I will drop the authors' focus solely on traditional security and will switch it to the energy security sector. Hence, in my framework, there is a necessity for the assessment of the perception of the energy (in)security by the client.

- ***Inequality***

Keeping up with the traditional assumptions of the theory, I will retain the 'inequality' element. As articulated by Shoemaker and Spanier and Carney, the patron-client relationship must be characterized by an asymmetry of resources and, therefore, a power disparity between the two. Similarly, in my framework, I will also seek to highlight that patron and client can be

identified via their disparity, or asymmetry, of power and resources. However, contrary to the traditional assumptions of the existing framework, I will move beyond their traditional understanding of power as military and economic capacities. Since the focus of my framework is energy relations, the key indicators for my assessment of power will be the possession of natural resources like oil and gas, and the extent of the energy dependence of the client on the patron.

- ***Reciprocity***

I will also retain one of the key patron-client theory assumptions that the reciprocal and mutually beneficial “exchange of goods and services ... that cannot be obtained ... from other sources” (Zaman 2015, p.18) is the foundation of the patron-client relationship. However, I will move beyond Shoemaker and Spanier’s focus on security transfers only, or from Carney’s coverage of all the various kinds of transfers, like economic aid, loans, grants, technical advice and indirect transfers. Instead, I will approach the analysis of reciprocity through the identification of mutually beneficial energy deals, including pipeline projects, gas deals or loans in the energy field.

- ***Proximity***

Finally, the works on patron-client relations refer to the perception of proximity as one of the key elements in one way or another. Shoemaker and Spanier (1984, p.13) call it a ‘critical perception’ of closeness, whereas Carney (1989, p. 44) refers to it as ‘affectivity’. My definition of proximity would be manifested through non-tangible, constructivist elements, such as regular visits and meetings of the heads of states, rhetorical support on the international arena, speech acts highlighting shared values, interests, goals, trust and respect. In other words, in my framework proximity will be defined through a set of conceptual figures of speech that create the perception of the closeness between the actors for outsiders.

In sum, my framework borrows key assumptions of the original theory without infringing upon its core but refines them to fit the modern-day realities and the particular case. Namely, going back to the initial research questions, the following can be achieved thanks to the application of the patron-client theory in the proposed way. Firstly, exploring the energy (in)security perception will potentially explain the motivations that drive the client into the patron’s orbit, i.e. it will give the insights into the ***driving force*** or ***key factor*** affecting and pushing the Russo-Hungarian relationship. The analysis of ‘inequality’ (asymmetry) and ‘reciprocity’ features will be a demonstration of what the relationship actually comes down to



on practice. In other words, the analysis of these will help critically explore the *cornerstone* of the relationship. Whereas the ‘proximity’ analysis will display the conceptual, or constructivist element of the relationship. In other words, it will help in exploring another research question, *what makes the relationship to be perceived as particularly close*. As a result, this particular configuration of the analysis, potentially, will be able to give clear, unbiased and structured answers as to what the real foundation of the current Russo-Hungarian relations is.

It would be a fair point to raise why narrowing down the application of the theory solely to the energy field and not to the economic one as a whole (to count in trade, e.g.), or to include the cultural linkages as well. The reason for this has been reflected earlier in the literature review. Even though initially the Orbán’s second cabinet’s rapprochement with Russia was initiated as part of the ‘Eastern Opening’ to boost trade with non-Western countries, as literature review has demonstrated, it did not end up where it was supposed to. Commonly agreed as ending in a failure, the policy leaves current trade figures (excluding energy trade), at least with Russia, on a non-significant level. Hence, it would be unfruitful to focus on the non-energy component of the trade relations, since it is minor. In contrast, the literature review proved the energy resources to be a rather salient part of bilateral trade relations with major transfers taking place there. Majority of scholars agree on the fact that Paks deal is the major transfer in the bilateral relations so far, and the gas deals and cooperation on pipeline projects constitute the most important bilateral exchange. Therefore, focusing the analysis on the energy field is a valid and reasonable approach.

### ***3.3. Research design and methodology***

Having formed the theoretical framework, the research will employ it as a prism through which to look at the bilateral relations. The structure of the research will proceed as follows.

#### ***3.3.1. Phase 1: Assessing energy (in)security as perceived by Hungary***

The research will kick-start from the identification of the perception of energy (in)security within the current Hungarian government’s strategy. Butler (2015, p.1) defines insecurity as “a situation in which vulnerability from a particular danger or threat is perceived to exist”. Within the energy field, the perception of insecurity could be demonstrated through the articulation of the vulnerabilities of the energy system of the country. Such tend to be present in the strategic documentation. To identify the energy insecurity perception as

articulated in the official government discourse, the official strategic documentation will be approached.

- ***Data selection***

Three official strategy documents will be used – ‘National Security Strategy’ (2012), ‘National Energy Strategy 2030’ (2012) and ‘National Energy Strategy 2030, with an outlook to 2040’ (2020). The documents were produced under Orbán’s second and third cabinets, therefore, reflect the official energy policy line of the current government. The latest version of the National Energy Strategy has been adopted by the National Security Cabinet in February of 2020. It is available on *kormany.hu* website in Hungarian and will be assessed too.

Another source of data that can be considered for this purpose would be parliamentary debates’ records on energy issues of the country. However, these would represent the variety of voices of the interest groups and MPs from the various parties. This would diverge from the focus of the research which is the official government position. This can be found precisely formulated in the national-level strategic documentation, such as the ones mentioned above. Therefore, to keep the focus, only the official strategies will be considered.

- ***Textual analysis***

The method of textual analysis will be applied to strategic security documentation to assess the level of energy (in)security. This method is widely used to approach the analysis of qualitative (textual) data in similar studies (Crespy 2015, p.7). However, I will not be attempting a quantification of the qualitative textual data. One would call it a ‘content analysis’. My purpose is not to identify the frequency of how often the ‘energy (in)security’ is met in the National Security Strategy or the National Energy Strategy. These numbers will not necessarily indicate the perception of energy (in)security. Instead, I will employ a ‘codebook’ of statements and objects that I will be looking for in the two strategies. Crespy (2015, p.8) refers to the elements that textual analysis seeks to identify as ‘quotations’: “A quotation is a sentence or part of a sentence accounting for an actor, discursive strategy, an object of evaluation, an evaluative statement and a secondary topic related to the central topic examined”. So in Crespy’s definition, I will be looking for the ‘evaluative statements’ about the ‘object of evaluation’, which, in my case, is energy (in)security. Therefore, I will be looking for the statements that in one way or another assess energy (in)security in the strategies. Namely, I will look for references to ‘import dependence’, ‘the need for

diversification of supply’, ‘the diversification of energy sources’, ‘the need for alternative routes of supply’, ‘the need for moving from traditional sources of energy’ and the statements in a similar manner. In other words, instead of looking for the numerical presence of certain ‘markers’ in the documents, I will approach them purely qualitatively. My purpose is to identify through textual analysis what perception about energy (in)security those markers create. I will identify whether the perception of threat to energy security exists in the official strategic documentation.

### *3.3.2. Phase 2: Analyzing ‘inequality’ and ‘reciprocity’ in energy relations*

The second phase of the research will deal with the analysis of the key elements of a patron-client relationship, inequality (asymmetry) and reciprocity. However, as it was mentioned earlier in the refined version of the patron-client theory, those parameters will be assessed solely within the energy field.

- *Inequality*

The inequality, or asymmetry, within the framework of this research, has been defined as ‘disparity in energy resources’ and, if present, the ‘dependence’ of one actor on energy imports of the other. To demonstrate the presence of the inequality in Russo-Hungarian energy relations, I will approach the data on the share of Russian energy exports to Hungary from official sources, such as energy agencies, EU Commission, the governments. Additionally, I will employ secondary literature on the topic to interpret the figures. Similarly to Phase 1 of the research, I will employ a textual analysis across a variety of sources. In this case, there is no need to design a parameter which will stand for the extent of inequality because the numbers on the imports dependency will speak for themselves.

- *Reciprocity*

As was articulated in the earlier section, reciprocity, in my version of the patron-client framework, is a mutually beneficial exchange of goods and services. Since my framework is set in energy relations, this exchange will be composed of energy transfers. Those, in theory, will be helping the client to alleviate its energy insecurity level, being simultaneously beneficial for the patron too. Instead of measuring the extent of reciprocity, I will again approach it qualitatively. I will employ a thematic analysis on the data related to Russia-Hungary energy deals and derive the main flagship issues, or markers, that would demonstrate ‘reciprocity’ in the energy relations.

Thematic analysis is a widely used qualitative method that allows approaching large sets of data to derive issues/themes that would characterize a certain phenomenon. It is an especially helpful tool as part of larger discourse analysis. It allows identifying arguments, statements and narratives across large amounts of textual data like governmental documentation, transcripts of parliamentary debates, officials' speeches or media articles. Tichý (2019) in his "EU-Russia Energy Relations: A Discursive Approach" advocates it as a helpful technic for approaching the study of energy relations between EU and Russia from a discursive point of view. He describes the method as follows:

Thematic analysis is a method that is founded on the strategy and process of searching for and finding key themes to characterise a given phenomenon. In principle, this research strategy quite closely resembles the multiple reading of source texts. The key is to uncover the patterns of content organisation and relations within the analysed data, through which the emerging themes become analytical categories (Tichý 2019, p.69).

Within Tichý's research, thematic analysis is a helpful tool for identifying key themes and patterns across an enormous set of data – his level of analysis is energy relations between large entities – the EU and the Russian Federation. Hence, instead of doing a particularized content analysis of a limited set of data, a larger thematic one across the variety of sources was a more beneficial technique to go with. Similarly, Braun and Clarke (2012, p.55) advocate the technique for its flexibility when processing large sets of data:

TA is a method for systematically identifying, organising, and offering insight into, patterns of meaning (themes) across a dataset. Through focusing on meaning *across* a dataset, TA allows the researcher to see and make sense of collective or shared meanings and experiences. Identifying unique and idiosyncratic meanings and experiences found only within a single data item is not the focus of TA. This method, then, is a way of identifying what is common to the way a topic is talked or written about, and of making sense of those commonalities.

Here and in Tichý's commentary on the method, it is emphasized how a thematic analysis comes in helpful when identifying key themes across large mixed data sets. In my case as well, to identify 'reciprocal' energy deals between Hungary and Russia, I will need to source data from a mixed set – primary documentation, secondary literature, editorial commentary and reporting. Within these, I will have to identify patterns/markers/themes that would stand for reciprocal energy deals. Hence, instead of focusing in-depth on a limited set of data, I should be aiming at discovering key themes across the various sources.

### 3.3.3. Phase 3: Analyzing 'proximity'

In my definition, proximity stands for the critical perception of the relationship as being close. This would be identified in the 'constructivist' elements of the relationship, or non-tangible, such as in the frequency of meetings, speeches at the press conferences, rhetorical support for each other in the international organizations. In the case of Russia and Hungary, 'proximity' is a widely used reference to define their relationship, especially in the media headlines. However, both the media and the academic literature do not attempt the thorough analysis to identify what makes this perceived proximity that striking. Therefore, my analysis of 'proximity' will be performed via the analysis of rhetoric coming from the leaders of two states.

- *Textual analysis*

The textual analysis will be applied to carefully selected and sourced set of data. To start with, various officials' commentaries on [Russo-Hungarian] bilateral relations on both sides can be found in numerous sources, contexts, periods and settings. Therefore, firstly, it is essential to set a specific time frame along which data will be selected. Since the focus of this research is the bilateral relations covering the period of Viktor Orbán's second term as Prime Minister, the time frame would, hence, be 2010-now. However, President Putin was reelected in 2012 only. Since the relations saw an intensification while both Putin and Orbán were in power, it would be rational to stick to the period that Putin came back to power in Russia as a President. Therefore, it leaves us with the 2012 – 2020 time frame. Secondly, it is crucial to select a limited range of officials whose speeches will be analyzed. In Russia, key decision-makers of foreign policy throughout 2012 – 2020 have been represented by President Vladimir Putin, Prime Minister Dmitriy Medvedev (since 2020 changed to Mikhail Mishustin) and Minister of Foreign Affairs Sergey Lavrov. In Hungary, this list would be represented by the Prime Minister Viktor Orbán, Minister of Foreign Affairs and Trade Péter Szijjártó (2014-now). Péter Szijjártó also was a state secretary in the Prime Minister's Office before 2014 in charge of China-Hungary and Russia-Hungary bilateral relations. However, looking at the key negotiators of bilateral meetings two figures stand out – President Putin and Prime Minister Orbán. While the discourse on bilateral relations is also additionally framed by the Foreign Ministers, the key statements shaping the perception of the relations, nevertheless, belong to Putin and Orbán. Therefore, the analysis will be applied to Putin's and Orbán's statements only. Thirdly, the leaders' statements would vary on a context. Orbán's commentaries on relations with Russia to the German newspaper Bild would differ from those he gives to the "Good morning Hungary" radio programme or the speeches he makes at the

press conferences after bilateral meetings with Putin. Within the framework of this research, since one of the main features explored is reciprocity, it is crucial to find out how the leaders shape the perception of the bilateral relationship when faced vis-à-vis each other. Therefore, the scope of the commentaries will be limited to Orbán's and Putin's statements made at the press conferences after their meetings. Fourthly, the speeches need to be properly sourced. Luckily, both of the leaders have official websites that contain the transcripts of the speeches – *miniszterelnok.hu* for Orbán and *npresident.mpf* for Putin. Moreover, the Hungarian government's website *kormany.hu* also has the transcriptions of Orbán's speeches. Putin's website though provides a more detailed report on the press conferences – it contains the speeches of both leaders, Q&A session if any took place and also video footage of the press conferences for some of the meetings. *Kormany.hu* and *miniszterelnok.hu* contain only Orbán's speeches made during the press conferences and sometimes miss either Hungarian or English version of the speeches. Therefore, all of the websites will be used to source the data. As per the language, Putin's speeches will be analyzed in the original language - Russian. Orbán's statements will be first looked at in English and then for the selected narratives, Hungarian versions will be considered to make sure the meaning does not get lost in translation. The Q&A (if present) will also be included in the analysis since in most of the cases they [Q&As] contain an elaboration on the points the leaders mentioned in the speeches. The Q&As (if present) are available in Russian on Putin's website. In sum, the dataset will contain nine transcriptions of the press conferences from 2013-2020.

I will analyze these speeches for the presence of 'proximity' indicators. One of them will be 'affectivity', as articulated in Carney's (1989) framework. This indicator can be spotted in the statements on the intensifying affinity or loyalty. This category would include the statements that describe the relationship as being driven by the factors going beyond pure materialistic ones – references to shared historical events, shared values or shared understandings of events or phenomena. Therefore, in Orbán's and Putin's speeches I will look for the references to these. Additionally, the concepts of 'trust', 'respect', 'loyalty', 'reliability' would signify the presence of conceptual proximity as well.

The analysis of 'proximity' is particularly important within the context of 'aura' surrounding the bilateral relations. While the media keeps referring to the ideological convergence between the two states, the academic literature does not manage to address this labelling adequately. Meanwhile, my research aims to concentrate on the main component of the bilateral relations – energy, but analyzing 'proximity' in the third phase of the research

will address the rhetorical component that is heavily ignored in the academic literature. By combining the analysis of energy relations with the analysis of the conceptual element of the relationship, my research can potentially highlight why this relationship is receiving so much attention in the international circles, especially the European ones.

### ***3.4. Research limitations. Potential contribution.***

By applying the refined version of the patron-client framework into this case, I am not aiming at proving or disproving the existence of patron-client relations between Russia and Hungary. The purpose of this research is not to make the case for the usage of ‘patron’ and ‘client’ terminology to refer to Russo-Hungarian energy relations. The main component of the patron-client relationship, the client’s compliance, would miss in this case anyways due to institutional constraints. Namely, due to Hungary’s NATO and EU membership – in many spheres (military, economic, political) it cannot go against its actual ‘paternal’ organizations. However, the cooperation in the energy field is there, as well as the ‘critical conceptual’ or ‘constructivist’ element. None of the literature so far managed to bring in the analysis of these two together. In other words, this particular research design while seeking to answer the main research question – what is the cornerstone of current Russo-Hungarian relations – brings in a fresh critical perspective to the issue. The patron-client framework as presented by my research design is a potentially useful ‘prism’ to look through at the bilateral relationship between Russia and Hungary. It leaves aside analytically non-viable and speculative arguments and focuses solely on well-sourced hard evidence while critically engaging with it.

It is essential to understand that the research is being done under a severe constraint – the limited access to primary sources, such as official documentation on energy deals. It is especially the case with the Paks deal, for which the documentation has been classified and concealed from the public eye motivated by energy security concerns. My thematic textual analysis can go as far as accessing the available documentation and secondary literature on the topic – published academic articles, think-tanks publications and editorial commentary. Therefore, my research results will be constrained by the data available.

In sum, while seeking to give answers to what is the actual foundation of the current Russo-Hungarian relations, my research also brings in a new critical perspective. Namely, it looks at the relationship from an angle that has not been utilized in the literature so far or tells a story in a different way, so to say. It brings in the assessment of the energy tie between the countries, combined with the analysis of the rhetorical part of the relationship. Moreover, in

comparison to the existing studies, my research utilizes a reviewed theoretical framework, based on the exploration of the existing theoretical literature. The research design relies on the reviewed version of the theory that before had almost become extinct. The interstate patron-client theory has not seen the theoretical exploration or application since the end of the Cold War. My research design provides potential research avenues both for this framework and for the further investigation into the rationales behind the recent Russo-Hungarian rapprochement.



## **Chapter 4. Data review and analysis**

This chapter will review and analyze the data that has been collected as described in the previous methodological chapter.

### **4.1. Phase 1: The identification of threat perception to Hungary's energy security**

Two strategic documents were analyzed in English and one in Hungarian to identify the level of energy (in)security as perceived by the current Hungarian government – ‘National Security Strategy’ (2012), ‘National Energy Strategy 2030’ (2012) and ‘Nemzeti Energiestratégia 2030, kitekintéssel 2040-ig’ (*National Energy Strategy 2030, with an outlook to 2040*, 2020). The results are slightly mixed.

To start with, the ‘National Security Strategy’ is the document that is supposed to articulate security strategy provisions in a traditional sense (military security) primarily, with other types of security (cyber, financial, environmental) receiving less coverage. This is why energy security in this document receives just limited coverage. At first, the energy security, due to geographical conditions, is mentioned among Hungary's vulnerabilities together with supply routes and environmental security (Ministry of Foreign Affairs of Hungary 2012, p.9). Energy security later receives a whole paragraph under ‘Security Threats and Challenges for Hungary and Their Management’ section (Ibid., p.9). However, the paragraph on energy security comes in way further after such challenges as regional conflicts, proliferation of the weapons of mass destruction, terrorism, financial security and energy security. Hence, according to the listing order of threats and challenges in the ‘National Security Strategy’, energy security, even though being a vulnerability, does not come in first. In that paragraph on energy security, the strategy articulates that the main concern is import dependence, with the diversity of sources and the routes of supply being way behind the hoped-for level and, therefore, posing huge risks (Ibid., p.14). That is, the ‘National Security Strategy’ portrays energy security as potentially posing risks and challenges among other threats to national security.

The ‘National Energy Strategy 2030’ (2012) produced by the Ministry of Development, in contrast, elaborates extensively solely on energy security issues. The fact that Energy outlook was presented by the government signified a larger change in the energy sector ownership. In 2011 Fidesz's cabinet went on to buy out 21.5% of its oil and gas giant MOL (*Magyar Olaj- és Gázipari Nyilvánosan Mukodo Részvénytársaság*) from the Russian company Surgut to regain state ownership over the utility sector (Butler 2018, p.168).

Regaining control over the strategically important sector, the government had the upper hand now to set out the outlook for the Hungarian energy future, as well as to articulate the vulnerabilities of the national energy system. Containing 127 pages of material, the 'Energy Strategy' outlines the official Hungarian outlook on its energy issues across the spheres – fossil fuels, renewable energy, nuclear energy, gas market, electricity and so on. The 'Hungarian Situation' section of 'State of Affairs' chapter, in particular, presents the vision of the current energy issues for Hungary. The section mentions an important issue that is elaborated elsewhere across the commentaries – an 80% dependence on gas imports from Russia coming to Hungary through the only available route – the Druzhba pipeline (Ministry of National Development 2012, p.28). This poses potential risks for the security of supply. However, the same section mentions how these risks are to some extent mitigated by the vast gas storage facilities which Hungary has access to, ranking them one of the largest in the EU. The strategy argues the storage facilities can accommodate as much as around 50 per cent of the annual gas consumption (Ibid., p.29). Moreover, electricity production-wise, the strategy sheds a light on the high hopes behind nuclear energy as the driver of electricity production. Nevertheless, since the primary energy sources have been extensively relying on the natural gas in the past decade, with the decrease of coal mining, such an insecure supply scheme poses long-term risks for the energy security sector. That is why the 'Energy Strategy' sets out tasks (pillars) that the energy sector should strive to achieve.

The five important steps that the strategy articulates are the increase of energy savings and energy efficiency, the intensification of the use of renewable energy, the integration of Central European grid network, the maintenance of the acting nuclear capabilities and eco-friendly use of coal and lignite. These five goals are intended to achieve what the authors call the key message of the strategy – “our purpose is to seek ways out of our energy dependency” (Ibid., p.11). However, the controversy of the need to get rid of this energy dependence and the impossibility to do so in the short-term is stated in the strategy itself: “...Hungary obviously cannot be entirely independent in terms of energy supply... however, it should still strive for energy independence” (Ibid., p.11). Hence, in the “Vision” section of the strategy, it is articulated that the balanced structure of the sources is to be achieved through the diversification of supply sources which will eventually push the price competition (Ibid., p.63). These are the essential measures for decreasing the country's energy vulnerability. The strategy suggests seeking to ensure the stability of supply from Russia in the short-term, while simultaneously seeking long-term alternatives, such as LNG trade and alternative pipelines.

The latest 2020 strategy in many ways repeats the provisions of its predecessor. This is why it still targets 2030 primarily, with additional outlook to 2040. The brand-new strategy still perceives a threat to energy security because it aims at so-called “Maximum Diversification”. It articulates that primarily gas still will be supplied through the multiannual contract with Russia, but it will not be the only source. The aim is to achieve the diversification of gas supply from the four following sources – Russia, Romania, LNG and Western Market (Innovációs és Technológiai Minisztérium 2020a, p.20). Moreover, the threat perception is still present from the potential supply disruption resulting from the political cleavages between Ukraine and Russia (Ibid., p.21). This is the echo of the 2006 and 2009 supply crises, when due to the Russo-Ukrainian gas disputes, the gas supply to Europe was cut off for a couple of weeks. Between the production of the previous energy strategy in 2012 and the latest one in 2020, the Russo-Ukrainian conflict has taken a larger geopolitical spin due to the proxy-war in the East of Ukraine. Hence, realizing an even greater risk, the strategy stipulates, so that to mitigate this risk and to strengthen the bargaining position vis-à-vis Russia, the diversification is essential. These risks are further counterbalanced by the elaboration on what steps were completed earlier to mitigate them. The document outlines that Hungary has connected its gas network through the interconnectors to all the neighbouring countries, except for Slovenia (Ibid.). The high hopes are put on the south-west, south-north and cross-border capacities within Hungary (Ibid., p.21). To draw a comparative conclusion, the insecurity perception did not change much between the previous strategy and the latest one. The same threats are still present, such as of unexpected supply disruptions, as well as the goals remain uncompleted – supply source and route diversification. This is why eight years later, the 2020 Energy Strategy still poses targets for the year of 2030. Although the efforts to mitigate the risks have been done, they were not enough to mitigate them to the desired level.

Hence, the general perception of the threat to the energy security of Hungary could be assessed as mild. On the one hand, the strategic documentation acknowledges that energy dependency and the dependency on the imports of Russian natural gas and oil is there. Moreover, the supply routes of natural gas, that is essential for the functioning of the industries and households, are extremely limited. The supply, therefore, is exposed to potential disruption risks. However, the storage facilities of Hungary are expansive. This, to some extent, mitigates the negative consequences of potential supply disruptions. Besides, the latest documentation is quite ambitious and sets out the clear vision of its “Maximum Diversification” strategy. However, in the short-term, the dependency tie of the energy sector

to the supplies of Russia is there, with a limited diversification of supply routes, as well as with the small number of alternative sources. Therefore, the risks and threats are present. Due to this, the energy security level cannot be categorized as low. However, considering the other sources of energy Hungary is using, as well as the natural gas storage facilities, the insecurity cannot be categorized as high or even average. Hence, it would be fair to argue, based on the analysis of the documentation, that Hungary’s energy security threat level is mild.

**4.2. Phase 2: Inequality and reciprocity assessment in energy relations.**

**4.2.1. Inequality assessment**

Hungary’s dependency on Russian energy imports is widely reported (see Table 1 and Table 2). It has been covered earlier as part of the literature review since the academic work incorporates it into the analysis. However, as part of this research design, inequality or asymmetry in the energy field between Russia and Hungary was assessed once again. The analysis of the statistical data from official sources, such as European Commission’s factsheets on the state of Energy Union for EU countries highlights a major asymmetry through demonstrating the numbers on Hungary’s import dependence on Russian energy.

European Commission in its 2017 factsheets on Energy Union estimated Hungary’s energy consumption dependency on imports to be around 53% in 2015 with a 54% EU average (European Commission 2017a, p.4). The tables below demonstrate that import dependency on natural gas and crude oil scored approximately 70% and 91% respectively in 2015 (Table 1). Therefore, since it was discussed earlier, it does not come as a surprise now that the top supplier of those for Hungary is Russia. Table 2 demonstrates that 95% of natural gas imports are supplied by Russia, and 81.1% of crude oil and NGL (natural gas liquids) too. In the nuclear energy field too, the report argues that the fuel is supplied solely by Russia (Ibid.).

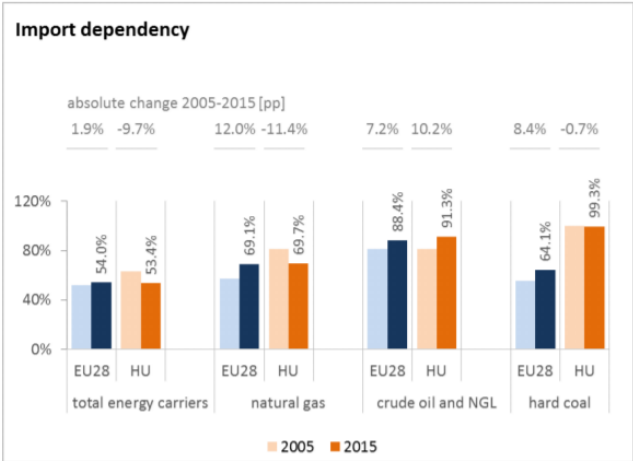


Table 1. Import dependency (European Commission 2017a, p.4).

| 2015: Top non-EU suppliers for main energy carriers* |         |                   |         |               |               |
|--|---------|-------------------|---------|---------------|---------------|
| Natural gas  |         | Crude oil and NGL |         | Hard coal     |               |
| HU   | EU28    | HU                | EU28    | HU            | EU28          |
| Russia   | Russia  | Russia            | Russia  | United States | Russia        |
| 95.0%  | 37.3%   | 81.1%             | 28.8%   | 48.2%         | 29.1%         |
| Not specified  | Norway  | Iraq              | Norway  | Canada        | Colombia      |
| 5.0%   | 32.8%   | 16.1%             | 12.4%   | 9.1%          | 24.3%         |
|  | Algeria |                   | Nigeria | Australia     | United States |
|  | 10.7%   |                   | 8.3%    | 5.1%          | 16.0%         |

\*share in total imports for the MS and in total non-EU imports for the EU28

Table 2. 2015: Top non-EU suppliers for main energy carriers (European Commission 2017a, p.4).

In this regard, it is important to highlight that the same factsheet assesses Hungary's reliance on natural gas for heat production as one of the highest in the EU (European Commission 2017a, p.9). Data from other sources suggest that the proportion of natural gas in Hungary's general energy mix was as high as 35.4% in 2013, which is the highest in the CEE region and is double as high as of neighbouring Poland or Czechia (Posaner 2020, p.224). Hence, the secure supply and the affordability of prices, the report articulates, are of the key strategic importance to Hungary. This is reflected in the strategic documentation and has been discussed in the section above.

Similarly, the analysis of Eurostat's data demonstrated an overwhelming reliance on natural gas and oil imports too. Eurostat's statistical books series on "Energy, transport and environment statistics" highlight that Hungary's dependency on natural gas is one of the highest in the EU. In 2017, the net imports of natural gas in Hungary were 96.3% in comparison to 74.3% EU average (Eurostat 2019, p.189). The net imports of oil and petroleum products too were significant as according to the 2017 statistics – 86.6%, which is almost an equivalent of the EU average of 86.7% (Ibid.). Meanwhile, while Hungary places high stakes on electricity production from its nuclear power capabilities of the Paks nuclear plant, the current level of electricity generation from nuclear plants remains low. In 2017, it was only 1.4 million tonnes of oil equivalent in comparison to 71.3 million tonnes as the EU average (Ibid.). The situation with energy production from renewables remains below the desired level as well. The primary production of renewables and biofuels in Hungary in 2017 was 3.2 million tonnes of oil equivalent, whereas for the EU the average number was 226.6 million tonnes.

In sum, while renewables and nuclear plant capabilities remain just long-term ambitions, the dependence on natural gas and oil remains significant for Hungary. Not only they compose the main sources of energy production, their primary production in Hungary is almost non-existent. Both natural gas and oil are imported and have a predominant supplier in Hungary's case – Russia. Hence, the inequality in the energy nexus of Russia-Hungary energy relations is undeniable. Hungary's heavy import dependence on Russian natural gas and oil, as has been discussed earlier in the literature review, is apparent and, as tendencies demonstrate, will probably still be there for some time to come.

#### 4.2.2. *Reciprocity assessment*

The literature review has already demonstrated that energy is one of the key components of Russia-Hungary bilateral relations. Even though trade was the initial catalyst of Orbán's foreign policy to Russia, the trade figures (not including energy trade turnover) did not end up where they were initially planned to. In contrast, energy trade figures make up the main portion of the bilateral budget together with the scheduled investment projects, such as in the nuclear field.

A thematic textual analysis of reciprocal energy deals in the Russo-Hungarian case has been employed onto a broad set of data – academic literature on the topic, think-tank papers, media pieces and governmental decrees. The most demonstrative and convenient way to present the results of this is to adopt an issue-based approach. The issues below were derived from the broad textual thematic analysis and are the main markers of the 'reciprocity' in the bilateral energy relations. These 'issues' have been discussed the most and met across throughout the analysis, hence, are commonly agreed 'markers' of the bilateral energy relationship. These issues are 1) gas deals; 2) Paks nuclear plant project; 3) cooperation on pipeline projects.

- *Gas deals*

The thematic textual analysis has identified the following commonly agreed phenomenon within the bilateral energy trade - Hungary's natural gas supply deals with Russia have often been "conveniently timed" (Deák and Weiner 2019) and even that the relationship has acquired a *quid pro quo* nature or reached the extent of "gas diplomacy" (Deák et. al 2015). Long-term gas supply bilateral contracts tend to be less conveniently priced for the consumer, hence, induce high energy costs (Butler 2015, p.1). Therefore, securing a favourable rate for at least a short-term and achieving flexible provisions from the contractor would be beneficial for the recipient country. A significant body of literature and editorial commentary argues that Hungary has been managing to secure those with Russia.

Namely, the ‘handiness’ of the successful gas deals with Russia for Orbán’s government is widely documented across the sources. Similarly, gas cooperation has been equally enjoyed by the other side, the Russian government. Hence, successful gas deals are one example of ‘reciprocity’ between Hungary and Russia in the energy sector.

The analysis demonstrated that two main factors influenced the securitization of natural gas supply for Hungary. This, as was discussed above, reflected itself in the Hungarian strategic documentation. The two factors were the gas supply disruption crises and utilities’ affordability concern. In 2006, a dispute over payment rates between Russia and Hungary resulted in a gas supply suspension through Ukraine to Europe with Hungary, eventually, losing around 60% of gas capacity in its pipelines (Butler 2018, p.166). Similarly, on January 1<sup>st</sup>, 2009, Russia cut the gas supply to Ukraine again due to the inability to reach consensus on the price rates, resulting in over two weeks of gas shortages in Central and Eastern Europe (Haitas 2018, p.372). The two cases served as litmus tests for the need of securitization of gas supply – both through the increase in gas storages and through supply sources’ and routes’ diversification. While the latter ones remain medium-term and long-term priorities, the former one has been achieved. In 2006 ‘Safety Stockpiling of Natural Gas Act’ paved the way for certain provisions that enabled the construction of underground storage facilities accommodating an equivalent of 40 days if potential gas disruptions were to happen again (Butler 2018, p.166). Whereas in 2009 Hungarian MOL used the EBRD’s (European Bank for Reconstruction and Development) loan to finance a purchase of the gas storage facility in Croatia. At mid-2014, Hungary’s storage facilities’ capacity was estimated to be as high as 50% of Hungary’s annual gas consumption (European Commission 2015, p.228). It is worth noting that, as data suggest, Russian Gazprom warmly meets Hungary’s gas storage increases. Russia’s side of the interest is that Hungary’s storage hub can serve as a further delivery point to the Balkans (Posaner 2020, p. 229). While the security of supply issues were to some extent addressed by the storage facilities, the affordability concern became the core of Fidesz’s policies. Making it part of their larger *Hungary First* campaign that prioritizes the national interest over any other, Fidesz’s government sought to make utilities’ prices more affordable for the Hungarian households.

The analysis across the various sources has demonstrated that decreasing utility prices for households have secured Fidesz its reelection in the 2014 parliamentary elections. This was possible by virtue of re-nationalization of the energy sector campaign that has been conducted by Fidesz’s government in 2012-2013. In 2012 Fidesz forced out the foreign ownerships of key utility companies in Hungary through introducing unbearable taxes. To

take control over pricing, the state-owned electricity giant MVM (*Magyar Villamos Művek Zártkörűen működő Részvénytársaság*) bought out from the German E.ON its subsidiaries in charge of gas storage and trade in 2013 (Deák and Weiner 2019, p.6). Since then the government was able to directly negotiate with Gazprom over long-term supply contracts. Namely, although *de jure* the contracting corporate parties (Hungarian MVM and Russian Gazprom) are to be in charge of negotiations, due to the governmental ownership of these, the talks over contracts are held on the top level (Butler 2018, p.169). Moreover, having nationalized the gas distributor, any cuts in utility prices were now the financial burden for the state-owned MVM utility company (Deák and Weiner 2019, p.9). This is where Gazprom's rate reductions came in handy. In 2013, Gazprom offered some beneficial rate reductions over the LTCs – long-term contracts on gas imports. Whereas in February of 2014, while Paks II deal was getting sealed, Gazprom offered further concessions in take-or-pay provisions of the gas contract (Ibid., p.9). Thanks to these gestures, Fidesz managed to significantly cut the utility bills of the households while also minimizing the financial burden for the budget. Hungarian wholesale import prices for the Russian gas got to the level below the EU average in 2014 (Posaner 2020, p.226). Fidesz's government managed to drop the utility rates by around a quarter amid the 2013-2014 election campaign, further boosting its electorate from 1.3 million in 2012 to 2.1 million of votes in the April 2014 elections (Deák 2014b). It is widely agreed that the “gas campaign” (major utility cuts) helped Fidesz to secure a landslide victory (Deák 2014b; Ámon and Deák 2015; Theisen 2015; Deák and Weiner 2019).

However, it is important to note that such concessions on Gazprom's side were not unprecedented. The data indicate that similar reductions have been offered earlier to the Western European purchasers (Posaner 2020). Nevertheless, for the CEE region, such a move was rather unprecedented. Taking this into consideration and the political context at the moment [pre-election period], the academic and editorial commentary suggests that the concessions were made in line with the Hungarian government's political interests.

Similarly, in 2015, during Putin's visit to Budapest in February, the main issue on the agenda was the about-to-expire gas LTC. Instead of signing a long-term contract though, the parties agreed on a short-term stop-gap contract to cover Hungarian imports up to 2020 (Posaner 2020, p.222). Under the negotiated deal the ‘take-or-pay’ provisions were dropped, allowing Hungary to import the unused gas from the 1996 contract later on, as well as to pay for it as soon as received (Ibid.). As Posaner (2020, p.226) argues, the Hungarian case is one of the few cases where concessions of such level were able to be achieved in the final negotiations.



In this particular case, the Hungarian's side benefit is undeniable. However, Hungary's reliance on Gazprom's LTCs has been decreasing with years in the past decade and the strategic documentation plans on decreasing it even more. The consumption rate fell from 13 to 8 bcm in less than ten years (Deák and Weiner 2019, p.9). Moreover, the brand-new Hungarian National Energy and Climate Plan from 2020 (*Magyarország Nemzeti Energia- és Klímaterve*) articulates how Hungary has managed to increase its storage facilities so that to account for the possible gas supply disruptions (Innovációs és Technológiai Minisztérium 2020b, p.110). Hungary has solid interconnectors capacity, connecting it to all the bordering countries except for Slovenia – this will ensure the supply of gas in case of the crisis. The plan also sets out to diversify the supply of gas up to four independent sources by 2030 – Russia, Romania, LNG, and the gas from the Western European markets (Ibid., p.106). As per the supplies of Russian gas, the route as well is expected to be changed – from 2021 onwards, the strategy claims to expect gas transportations primarily from the second branch of Turkstream, a southern route from Serbia (Ibid., p.107). Besides, the plan articulates that the wholesaler competition that has been set as a target by 2012 Energy strategy between the gas purchased from Russian traders and the gas bought from the Western European stock markets has been achieved (Ibid., p.236). In sum, the plan sketches out the future for the gas market optimistically. However, the realization that the reliance on Russian gas imports will persist in the short- and medium-term is also there. Therefore, the latest Energy Strategy articulates that all the above-mentioned implementations will help the Hungarian side to strengthen its bargaining position vis-à-vis Russia for post-2021 import agreements (Innovációs és Technológiai Minisztérium 2020a, p.23). In sum, as much as Gazprom's concessions and flexibility provisions were beneficial for the Hungarian government at times, the latter strives to improve its bargaining position for any future negotiations.

The benefit of such gas contracts for Russia is rather limited though. Apart from Hungary being a “trustworthy, able-to-pay and stable partner”, as Putin put it at the 2017 bilateral meeting in Budapest, there is not much ‘added value’ for Russia. However, economically speaking, having a committed buyer for Gazprom allows it to strengthen its stance in the European energy market (Tichý 2019, p.22). 70% of Gazprom's profits come from the sales to the European market, whereas 20% of this amount goes into the national budget (Ibid.). Additionally, Hungary's willingness to get the Russian gas along the maximally diversified routes demonstrates its willingness to cooperate on the various pipeline projects – this is going to be analyzed in the following section. Budapest's receptiveness in

the gas field signals out to Moscow the trustworthiness when it comes to the Russian gas supply through the already existing pipelines, as well as through the planned ones.

- *Cooperation on pipeline projects*

The thematic analysis identified that Hungarian and Russian attitudes were reciprocal over certain pipeline projects. As it has already been discussed, Budapest has been seeking the diversification of gas supply routes. It demonstrated support for the pipeline projects and regional interconnectors that would mitigate its heavy reliance on the ‘Druzhba’ pipeline that crosses Ukraine. One of the main demonstrations of Hungary’s support for Russia-initiated pipelines was its commitment to the South Stream pipeline project.

Put on the agenda in 2006 and cancelled in 2014, South Stream plan saw two Hungarian governments in the office – Gyurcsany’s and Orbán’s. While back in opposition, the current Prime Minister strongly opposed Hungarian involvement in the project and criticized the now ex-prime minister for the engagement. Fidesz’s turn to the project happened in 2012 when the alternatively routing projects, such as Nabucco-West, got cancelled and were off the table (Deák and Weiner 2019, p.7). The pipeline was supposed to bring the Russian gas under the Black Sea to Bulgaria, therefore bypassing Ukraine, and then onwards to Serbia, Hungary, Slovenia and Austria. The cabinet’s commitment to the South Stream went as far as making the necessary provisions in the legislation. In 2014, the Parliament passed legislation which clarified the status of the companies that might be involved in the construction of the South Stream on the Hungarian territory. Namely, the company did not have to be an official gas transmitter. This allowed Gazprom to step its foot in Hungary for the construction of the South Stream (Gotev 2014). This piece of legislation was against the EU’s Third Energy Package. According to it, the pipelines on the EU territory cannot be in the ownership of natural gas extractors since this would violate the EU competition rules (Ibid.). Hence, the legislative move demonstrates how strong Hungary’s commitment was in supporting the Kremlin-led project. Russia’s motivation for the project was two-sided. Firstly, it would allow strengthening its position as the primary gas supplier to the CEE region. Secondly, it would grant Russia a new Southern access connection to the European market while also leaving Ukraine off the route (Butler 2015, p.4). In sum, although the project was cancelled in 2014 due to Bulgaria’s inability to legalize similar provisions domestically, South Stream is a showcase of the reciprocity Russia and Hungary managed to achieve in the energy field.

However, it is essential to mention that Hungary was not solely all into the Russia-led South Stream. Eager to engage in pipeline projects that would diversify the source of supply,

Hungary also supported South Stream's competitor – Nabucco pipeline. The pipeline was meant to supply the gas from the countries of the Caspian Sea basin, therefore threatening Russia's monopoly on gas exports to Europe. The project was warmly met because it stood for the diversification of the source of supply and, hence, meant the potential breaking off from the Russian energy grip. Despite having huge political support, the pipeline building was cancelled due to the lack of financial feasibility.

Soon after the South Stream was put off the table, Russia came up with an alternative joint Russia-Turkey pipeline - Turkstream. The route was planned to supply gas from Russia through the Black Sea to Turkey. Two further transit extensions were proposed. First, Tesla pipeline that would go via Greece, North Macedonia, Serbia and Hungary further to Austria. There were no developments on it since 2015 so the project is assumed to be abandoned. The second option, an Eastring pipeline, is being under construction now and will connect Bulgaria to Slovakia through Romania and Hungary. Eastring has been widely supported by the CEE governments, since it manages to deliver same diversification results as, for example, Nabucco would, but is significantly cheaper and easier to implement (Butler 2015, p.7). The supplies to Hungary via Turkstream are reported to launch as soon as by the end of 2021 (Abouthungary.hu 2020). During the press conference after the latest Russia-Hungary bilateral meeting, Orbán claimed it is of utmost priority for Hungary to join Turkstream as soon as possible since it would diversify the routing of the Russian gas supplies while also bypassing Ukraine (Orbán 2019). In this scenario too, Russia's and Hungary's interests intersected.

Hungary's interest in the various Russia-backed pipelines is clear – it wishes to diversify supply routes so that to mitigate the risks of possible gas supply crisis through Druzhba pipeline that crosses Ukraine. Russia's interest in Hungary's and other partners' support is of larger strategic importance. Firstly, it is in Russia's interest too to decrease its dependence on transit countries, such as Ukraine, especially within the context of the political crisis in bilateral relations with Ukraine (Tichý 2019, p.25). As a supplier, it is crucial for Moscow to commit to its contractual obligations and for its clients to receive the good [gas] without any potential disruptions or risks of supply disruptions. Additionally, it maximizes Gazprom's profits (Ibid.). Secondly, on a larger scale, it intensifies Gazprom's overall stance in the European energy market. Not only pipelines imply LTCs and, hence, are long-term investments, pipelines' construction also involves joint ventures and businesses involved in the construction of the pipelines, in the storage or retail of gas in these countries. In other words, via its subsidiaries involved in the various stages of the gas industry, Russia can keep

holding a tight grip on the European energy market. Thirdly, for Russia, such energy instruments as pipelines also induce political leverage in Russia's foreign policy toolkit. In this manner, Russia reportedly uses the countries' energy dependence on its sources to extract political services. As such, its energy projects, such as pipelines, tend to gain control over local energy firms and companies that oversee the construction of the pipelines so that to further extract economic and political services from those (Ibid., p.26). This, as a result, allows Russia to strengthen bilateral relations with a country if high-profile political figures are involved in energy companies' ownership. Such was the case with Hungary. The bridge between the governments was established on the basis of South Stream negotiations. Since the main energy company in Hungary was rearranged into state ownership, the negotiations on LTCs and pipelines fell under high-level statesmen's jurisdiction. Based on this, the very tops of the governance hierarchy were able to establish a closer contact.

In sum, although Hungary supported not only Russia-backed pipeline projects, such as South Stream or Turkstream, but also its competitors, such as Nabucco, it is still clear that reciprocity on several crucial for Russia projects has been achieved. It is both in Hungary's and Russia's interest to pave the way for the alternative supply routes that would bypass Ukraine. This allows Hungary to increase its energy supply security to some extent, while Russia expands its strategic energy network via the pipelines on the European ground.

- *Paks*

During the textual thematic analysis, the Paks nuclear power plant deal proved to be the main bilateral reciprocity pinpoint between the Hungarian and Russian governments. The decision to sign a contract with Russian Rosatom in 2014 to renew two blocks of the Paks nuclear plant in Hungary came as a surprise for the public since no prior consultations were made with any interest groups. Neither were any feasibility studies published by the government about the project. However, most importantly, the Hungarian government classified all the Paks deal-related documentation, therefore, limiting the access to the public eye. This left academia and expert community with more questions than answers.

There are several major concerns around the deal. Firstly, why considering the size of the deal and its importance, no prior communications with the interest groups regarding the deal were conducted. Paks electricity production accounts for around 50% of the total electricity output in Hungary. Since half of the electricity in the country is estimated to be supplied by nuclear power, it was put on the agenda in the 2012 Energy Strategy. Given the strategic importance of the issue for the country, the absence of the public consultations behind 10 billion euro-worth deal comes in puzzling. The budget of the deal is around 12% of

the current Hungarian GDP (Deák and Weiner 2019, p.10). The scale of the project means public funds will be flowing into this investment for some years to come. Therefore, both the expert community and the public raised their eyebrows when Rosatom was instantly presented as a contractor. Secondly, it is unclear why the government decided to grant the contract to Russia instead of arranging a tender competition in which other foreign companies were expected to compete too. Neither the government released an official explanation for that nor it provided public access to all the related documentation. In fact, to shield all the deal-related information, legislative provisions were arranged. A parliamentary bill from 2015 made an exemption for the deal and shielded it from the Freedom of Information Act (Ibid., p.11). As a result, all the information on funding and construction of the reactors will not be accessible to the public eye for thirty years. This prevented the expert community from conducting detailed feasibility studies on the project. However, even with the limited data, the experts' assessments argue that the provisions of the deal are highly opaque and pose huge risks for the Hungarian side of the contract. Thirdly, the deal provisions even faced problems within the EU circles. The EU Commission has been launching an infringement procedure against the deal having concerns over competition and transparency aspects of the project. The case was dropped in 2017 reportedly due to Hungary insisting on 'technical exclusivity' of Rosatom's offer and promising to hold bids for subcontracts on the later steps of the project implementation (European Commission 2017b; Stefanini and Hirst 2017).

The available feasibility studies point to huge potential corruption risks involved behind the deal management. Due to the large-scale nature of the project, the experts assess the potential percentage of bribery involved in such a huge investment to be as high as 13-16% (Fazekas et. al 2014, p.3). The very same study stipulates that potential risks might arise from the information asymmetry between Rosatom as a contractor and Paks as a client (Ibid., p.4). Namely, Russia represented by Rosatom supplies a new technology under the contract provisions in which the Hungarian side has less expertise and knowledge. Hence, the contractor might potentially use this know-how disparity to its benefit by putting higher prices for the services that should normally cost cheaper. In this manner as well, the contractor might employ as part of procurement the subcontractors, therefore inducing the overpricing and higher corruption risks (Deák and Weiner 2019, p.11). The other risky aspect of the deal is its financial aspect. The government will have to make the respective budgetary adjustments so that to account for the growth of deficit/debt share of GDP that the project investments will cause. The EU Commission has already warned that the deal might be

dangerous for Hungary's negative debt trajectory (Ibid.). In sum, all these aspects increase largely Russia's negotiating position under the contract, not Hungary's.

Russia's benefit side in the deal is huge. Not only it ties Hungary to a long-term loan, in the long-run as well Russia will keep the ties to Paks. Technology will also be provided by the Russian side, as well as nuclear fuel and nuclear waste storage (Stefanini and Hirst 2017). Financially Rosatom can sponsor this kind of high-scale risky projects because it receives large state subsidies. It then invests these subsidies into loans where loans further increase Rosatom's profits (Digges 2019). On a larger scale, the Paks deal is another example of Russia's intensifying energy presence on the European ground. In sum, the largest deal within the bilateral relations is widely assessed to be opaque and risky, raising many questions that are refused to be responded by the current government. On the one hand, the project can be perceived as part of the larger scheme of energy diversification and an attempt to decrease Hungary's dependence on Russian gas and oil. However, while changing the energy resource, the deal ties back Hungary to the same supplier.

#### ***4.3. Phase 3: Proximity analysis in Russo-Hungarian relations***

For the purpose of this research design, nine press-conferences following bilateral meetings were analyzed. This is the amount of high-level bilateral meetings from 2013 to 2020, including two meetings during large sports events held in Moscow and Budapest. This is Putin's visit to Budapest during the Judo Championship in August of 2017, and Orbán's visit to Moscow in July of 2018 as part of Football World Championship. The table below demonstrates the dates and locations of visits.

|                              |  |
|------------------------------|--|
| Jan 31 <sup>st</sup> , 2013  | Orbán visits Moscow                      |
| Jan 14 <sup>th</sup> , 2014  | Orbán visits Moscow                      |
| Feb 17 <sup>th</sup> , 2015  | Putin visits Budapest                    |
| Feb 17 <sup>th</sup> , 2016  | Orbán visits Moscow                      |
| Feb 2 <sup>nd</sup> , 2017   | Putin visits Budapest                    |
| Aug 28 <sup>th</sup> , 2017  | Putin visits Budapest, Judo Championship |
| July 15 <sup>th</sup> , 2018 | Orbán visits Moscow, FIFA World Cup      |
| Sept 18 <sup>th</sup> , 2018 | Orbán visits Moscow                      |
| Oct 30 <sup>th</sup> , 2019  | Putin visits Budapest                    |

*Table 3. Putin's and Orbán's visits*

It is important to note that the main purpose of the visits in August of 2017 and July of 2018 was attending the respective sports events, not conducting official bilateral talks. Hence, the data available from these meetings is presented by the short bilateral briefings. No large press-conferences were held these years.

The textual analysis of the speeches above demonstrated that the intensity of ‘proximity’ rhetoric has intensified throughout the years mostly on Orbán’s side. In contrast, Putin’s tone to describe the bilateral relations has stayed rather stable and on-point, lacking the mentions of the constructivist concepts that Orbán uses. The existing proximity claims can be divided into the following groups – shared values and historical events, shared goals and interests, and the group of references to non-tangible items, such as mutual respect and trust.

The shared historical events are mentioned only once in 2015 by Putin, whereas shared values are often mentioned by Orbán in the latest meetings. In 2015 Putin referred to the fact that his visit coincided with the 70<sup>th</sup> anniversary of the liberation of Budapest from Nazis by the Soviet troops. The Russian leader claimed the event marks a very important historical event that unites the two nations and should serve as a foundation for the growth of bilateral relations. Orbán, in turn, refrained from using historical references most of the times. Only once back in 2014, he mentioned Hungary’s communist past, saying Hungary received almost nothing positive as part of its communist legacy. However, this reference was not meant to bring up the traumatic communist past per se. Orbán further on mentioned that the 1966 nuclear deal between the USSR and the Hungarian People’s Republic is one of the few positive things from the communist history of the country:

There is not much of positive stuff that we received as a legacy from the Communist period, but the 1966 agreement between the USSR and the Hungarian People’s Republic on cooperation in the nuclear energy field is a good achievement (Orbán 2014).

That is, both leaders refrain from utilizing historical narratives to shape the bilateral relations’ discourse. Instead, Orbán turned to employing shared cultural values’ narrative in recent years. This mostly pertains to Christianity as the common religion. Starting from 2018, Orbán extensively refers to Christianity as a shared value for Hungary and Russia. In September of 2018, he claimed that the fact that both countries belong to the Christian culture lays the “special foundation” for bilateral cooperation (Orbán 2018). However, most importantly, he claimed both countries are interested in the protection of Christian communities abroad:

...both of us believe that in the modern world it is important to preserve and strengthen Christian culture. To this end, we are also making joint efforts to help Christians persecuted around the world (Ibid.).

This gave a new dimension to the shared value. That way, in October of 2019, Orbán and Putin met the heads of the Christian churches in Syria. In the press-conference speech, Orbán articulated that bilateral cooperation on the protection of Christian communities in the Middle East in one of the primary spheres of bilateral cooperation. It remains unclear whether this new nexus of the bilateral agenda comes from Orbán's willingness to intensify the tie through the shared value, or it is another motive to justify Russia's involvement in the de-escalation of the conflict in Syria which Hungary was loudly supporting. Probably this is meant to serve both purposes. One way or another, Christianity as a shared value became the new streamline shaping bilateral discourse in the past two meetings.

Another group of narratives identified in the speeches is shared goals and interests. Similarly to the emergence of Christianity narrative, the narrative of the joint interest in the deregulation of the Syrian conflict has emerged in Orbán's rhetoric lately. Back in 2016, he established the connection between Russia's involvement in Syria and Hungary's interest – he said it was in Hungary's interest to de-escalate the Syrian conflict since Hungary and the rest of the EU suffer from migration crisis as the effect of the conflict:

Thank you, Mr President, for the arguments with which you have outlined the role played by you in resolving the crisis in the Middle East, and your plans for the future. We highly appreciate these, as all Europe – including Hungary – is suffering from the effects of the migrant crisis. Furthermore, we appreciate all efforts – including Russia's efforts – aimed at resolving the situation of crisis areas, in order to halt flows of migrants. On this issue, we wish international efforts every success (Orbán 2016).

Since then an interesting nexus has established in Orbán's rhetoric. Throughout the 2016-2019 meetings, Orbán was stressing the importance of Russia's engagement in the conflict and thanking Putin for the information provided on Russia's actions. Hence, a certain role division has emerged in this scenario – Russia as the acting party and an informant and Hungary as a third party that receives the collateral benefit. The shared vision of the conflict has been brought up by Orbán at least the past four years.

Another group of proximity references includes mentions of shared interests. This narrative has been present in the bilateral discourse since the beginning of the relationship. Both Putin and Orbán mentioned since 2013 onwards that they are interested in partnership



and cooperation. Putin's speeches though did not alter much throughout the years. Keeping them concise, the Russian leader briefly mentions the main areas of cooperation (trade, gas deals, Paks) and the interest in Hungary as in the buyer of gas and potential transit country for gas supplies:

...We are going to make everything so that to ensure the supplies to Hungary. Hungary is a reliable, solvent and stable partner. Ourselves [we] are interested in the supplies of our raw materials to the Hungarian market and we will be looking for all the possible ways to transform these plans into practice. Absolutely and for sure – we will find them (Putin 2017).

Orbán's mentions, in turn, took geopolitical spins at some point. Since 2017, he articulates that Russia is Hungary's important partner despite belonging to a different geopolitical world, implying Hungarian membership in NATO vis-à-vis Russia. He, later on, started making references to Hungary's positioning in-between Russia and West, claiming it is in everyone's interest for the two to be on good terms. In his opinion, Hungary's primary interest is for Russia and the West to be on good terms because when they are not, Hungary suffers:

Hungary's interest is clear. We have learnt a simple historical lesson over the past hundred years or so: when there have been tensions and conflicts between the eastern and western halves of Europe, the Hungarians have always been adversely affected; and when there has been cooperation, we have always benefited. So Hungary's national interest is for cooperation between the two halves of Europe to be as good as possible – and, within this, for the Russian-Hungarian system of relations to also be as good as possible (Orbán 2018).

In 2019 his geopolitical contextualization zoomed out even further. Orbán said historically Hungary has found itself in the triangle between Moscow, Berlin and Istanbul, hence, Hungary strives to make these great powers interested in the maximization of Hungarian success (Orbán 2019). Therefore, cooperation with Russia falls into this category (Ibid.).

The main shared interest/vision that the leaders mention since the 2015 meeting is the dropping of the EU's anti-Russian sanctions. Since 2015, Orbán keeps mentioning in the bilateral meetings that the sanctions impede the economic growth of the bilateral relations. In 2017, he said: "Anti-Russian politics have become the fashion. It has been within this atmosphere that we have had to protect our economic relations and preserve as much of them as we can" (Orbán 2017). The Prime Minister's anti-sanctions rhetoric was also intensively demonstrated in the European circles. Within the EU he was the largest critic of the sanctions and rooted a lot for dropping them, arguing they harm the trade. However, due to constitutional constraints, Hungary officially voted for all the rounds of sanctions. During the

bilateral meetings, Orbán keeps saying that it is in Hungary's best interest for the relations between the EU and Russia to normalize.

Lastly, the speeches contain a fair amount of references to concepts of trust and respect. Orbán especially puts more emphasis on trust as the cornerstone of the bilateral relations. In 2015 during the Q&A session, the Hungarian leader praised Putin for the reliability and trustworthiness, saying he trusts the agreements he came to with Putin: "... everything that I have ever agreed on with Mr President up until this point – it pertains to any issue – Russia has always completed it" (Orbán 2015). He also often mentions mutual respect and respect of Russia and Russian culture:

The kind of respect and recognition we have for Russia is, first and foremost, the respect for the Russian culture. This high esteem of the Russian cultural legacy grants an excellent basis for the development of our economic relations. We consider Russia to be a great power (Orbán 2013).

Putin too keeps saying that Hungary is Russia's reliable and trustworthy partner throughout every meeting. He said it during the meetings of 2016, 2017 and 2018. However, in Putin's case, this seems to be an opening cliché phrase. Putin tends to call all the foreign parties 'partners', even adversary ones.

In sum, the analysis of proximity within the leaders' speeches shows that it is largely shaped and reinforced by the Hungarian side. Orbán employs the narratives of shared values, shared interests, shared vision of events. This eventually intensifies the non-tangible aspect of the relations. Putin, in contrast, keeps the speeches concise, repeating the key points from year to year, emphasizing only the value of Hungary as a trustworthy partner in Europe and a reliable buyer of energy.

## ***Chapter 5. Results' discussion and conclusions***

Drawing upon the evidence sourced from primary and secondary data, it is now possible to zoom out to discuss what the results of the analysis stand for in the larger research design of this project and whether they potentially answer the central research question.

### ***5.1. Results' discussion***

The previous sections have demonstrated that the energy relationship between Russia and Hungary is double-faceted. On the one hand, as the analysis of strategic documentation in Phase 1 has demonstrated - the energy insecurity perception is there for Hungary. The latest strategies produced by the government reflect it – Hungary realizes the need for the diversification of suppliers, supply routes and types of supply. The ‘inequality’ assessment within the energy tie between Russia and Hungary in Phase 2 has indicated Hungary’s heavy reliance on Russia’s energy imports, especially on natural gas. In this regard, the analysis of ‘reciprocity’, i.e. reciprocal deals in Phase 2, demonstrated the following. The data analysis suggests that Orbán’s government reached reciprocity with Russia on Russia-backed projects while also supporting non-Russia backed projects. The government simultaneously rooted for the competing South Stream and Nabucco, as well as for Russia-backed Turkstream later. This can be explained by the energy strategy’s goal of maximum diversification. To move away from its unilateral reliance on Russian imports of natural gas, Hungary seeks solutions across alternative sources of energy (e.g. nuclear, LNG or renewables), new suppliers (e.g. Caspian Sea and Middle Eastern countries) and new supply routes (e.g. Nabucco). However, on the other hand, it also realizes that there is a limited option of escaping dependence on Russian supplies of the natural gas in the short-term or medium-term. Russian gas remains the cheapest option. Hence, Orbán’s second and third cabinets expressed commitment both to Russia-backed and non-Russia backed projects. Namely, while still relying on Russia as a dominant supplier, Hungary supports alternative supply routes from Russia bypassing Ukraine, including the cancelled South Stream and the upcoming branch of Turkstream. The willingness for the transit routes to bypass Ukraine is the result of two gas supply crises of 2006 and 2009. Due to them, Hungary has learned two lessons – gas storage for the emergencies like this is essential and unstable political relations between the supplying country and one of the transit ones may directly affect Hungary’s access to the gas supplies. At the same time, Orbán’s governments were also open to the supplies from the Caspian and Middle Eastern supplies via the Nabucco pipeline.

The ambiguity of this tie has been seen through some other details of the key reciprocal deals presented above. The data suggests that to satisfy its short-term goals, such as

electoral victory, the Fidesz's government sought to secure handy contract concessions from the Russian energy giant Gazprom. As LTSCs tend to be unfavourable to the client, namely, due to pricing and take-or-pay provisions being salient issues, the concessions from the supplier, hence, are of great importance. At crucial for the Fidesz's government moments, such as afore the 2014 parliamentary elections, the evidence suggests that such concessions from Gazprom's side were made. While this kind of concessions is not unprecedented for Gazprom, within the CEE region this particular case is rather peculiar, especially considering the timing that coincided with the upcoming elections. Moreover, as the evidence points out, the bundle of concessions also coincided with the time of signing of the Paks deal. Whether it is a coincidence or sealing of the Paks deal by Budapest has somehow incentivized Gazprom's contractual concessions is hard to prove. However, the commentaries discussed above suggest the latter is the case. Speaking of the nuclear field, that is supposed to be the flagship of energy diversification, another controversy comes into play. Despite rhetorically-set course for maximum diversification, Hungary came to Russia and tied itself to it via a risky and opaque loan without even conducting a bidding competition. The controversy of the deal is reinforced by the fact that all the related documentation has been classified by the Hungarian government to restrict public access to the deal-related information. The contract also became the reason of the infringement procedure initiated by the European Commission due to the deal's state aid and transparency concerns. Even though the Hungarian government has managed to stand its ground and the investigation has been dropped in 2017, the expert community keeps questioning the feasibility of the deal as no detailed cost-and-benefits assessment has been presented by the government.

To sum up the analysis of Hungary's energy security concern and the assessment of inequality and reciprocity within the Hungarian-Russian energy tie, the following can be concluded. The energy insecurity perception for the Hungarian government is there and it mostly stems from its unilateral dependency on Russian natural gas supplies. Such factors as the 2006 and 2009 supply crises and utilities' affordability are the primary drivers behind the attempts of securitization of the gas supply. In order to achieve a secure gas supply, the government has sought to achieve a so-called maximum diversification, as stated in the latest energy strategy. This implied both looking for alternative suppliers, as well as alternative supply routes from Russia. This ambiguity has demonstrated itself in the key energy issues within the Russo-Hungarian energy nexus. Chasing affordable utility prices for households and stable supply from Russia – Fidesz's government reached consensus with Russian Gazprom on beneficial LTC provisions. This, as commentators point out, went hand-in-hand

with another major energy deal – a Russian loan for the renewal of Paks nuclear plant's reactors. When it came to pipeline projects, Hungary's reciprocity with Russia was there, but it was not exclusive on Hungary's side. Orbán's cabinets since 2010 supported both Russia-backed South Stream and Turkstream to diversify the supply routes from Russia, as well as Russia's competitor Nabucco pipeline to reach out to other gas suppliers in the Caspian and the Middle East. In sum, speaking in patron-client theory's terms, the client, due to the security concerns, such as supply risks and affordability concerns, has been driven into patron's orbit. This has been reinforced by the major asymmetry in the resources between the patron and the client – Hungary's unilateral dependency on the Russian supplies. Hence, the client is forced to seek to secure reciprocal deals with the patron that would allow the client to diminish its insecurity level while the patron, in turn, is able to extract certain benefits too. Through these deals the patron, i.e. Russia, gains a strategic advantage in the client's territory – it receives material pay-offs at the moment (gas contracts) and it builds up its strategic advantage through infrastructure [pipelines and Paks's reactors] that will be paying off in the short-, medium- and long-term. However, this case deviates from the pure form of patron-client relationship since the client is not uniquely exclusive with the partner. The peculiarity of the Hungarian-Russian case is that the energy insecurity of the client stems from its dependency on the patron and it simultaneously seeks to weaken this dependency bond as well as to extract the maximum benefit from it while it is still in place. However, another component of the relationship – proximity – has been analyzed as part of the research design too in an attempt to answer the central research question.

The reason for including the proximity analysis in the research design was the desire to address the unsupported claims circulating in the media and editorial commentary about the conceptual component of the current Russo-Hungarian relationship. The press is filled with headings calling the two leaders friends and labelling Hungary as Russia's 'Trojan Horse' project (Müller 2014; Gulyás 2017; Al Jazeera 2019). Little academic research has been done to investigate the validity of these claims. As part of this research design, the ideological convergence component of the Russo-Hungarian relations was left aside on purpose. The only available academic study, Buzogány's 2017 piece cited earlier in the literature review, tested the possibility of authoritarian diffusion and purposeful adaptation of the Russian model of illiberal governance by Hungary. He concluded this to be an overstretched assumption and that rather there is a salient overlap of mentalities combined with an interest-driven economic and political cooperation. Hence, leaving the assumption of ideological convergence aside,

this research design went on to critically evaluate another conceptual element of the bilateral relationship – proximity.

Proximity is a crucial component of the patron-client relationship and, hence, was analyzed through the speeches of key political figures of Hungary and Russia – Viktor Orbán and Vladimir Putin. The analysis indicated that the conceptual part of the relationship in Russo-Hungarian case is mostly built up and reinforced by the former. Within the bilateral rhetorical discourse, the Hungarian Prime-Minister is the one who employs the various proximity narratives rather than the Russian President. It is important to note that the very high-level meetings between the heads of the countries are held annually – this allows for the regular catch-up on the bilateral issues. Whereas it is not something particularly unique – both of the leaders meet up with a similar frequency with the Western European leaders – it does stand out overall. However, it is more crucial to draw out the conclusions from the rhetoric itself. Not only it is Orbán who predominantly contributes to the proximity narratives, but his rhetoric also intensified throughout the years and took on new dimensions to it closer to 2019. Meanwhile, Putin's rhetoric remained stable throughout the years – keeping it short and concise, the Russian leader tends to list the areas of cooperation and to emphasize the trustworthiness of Hungary as a partner. Orbán's narratives include the regular references to shared values (Christianity), shared goals (de-escalation of the Syrian conflict, protection of Christian communities abroad), shared visions (the harm of anti-Russian sanctions) and constant mentions of trust and respect. Contrary to the headlines of the press, neither of the leaders employ the narratives of ideological convergence. The widely-referred Orbán's quote on the admiration of illiberal governance in Russia (Orbán 2014) has not been reflected in his bilateral meetings with Vladimir Putin. Hence, at the level of the highest bilateral meetings, there is no direct evidence to support the claims about the intentional ideological convergence or adaptation of the Russian models of governance by the Hungarian side. However, there are rhetorical claims from the Hungarian leader on a rather tangible aspect of the relations – anti-Russian sanctions. Orbán commits to his disapproval of the sanctions both in the wider European circles and when one-to-one with Putin. Since 2015, he emphasizes in front of Putin how harmful the sanctions are for the Russo-Hungarian relations and how tough it becomes to 'fight' for the relationship to keep growing. Besides the references to shared goals and values, the anti-sanctions rhetoric is probably the hardest evidence for the intense proximity. The theoretical framework too emphasized how one of the manifestations of the patron-client rhetoric can be the client's reaction to the patron's adversaries. It is debatable whether the Hungarian anti-sanctions rhetoric is primarily driven by the national interest considerations or

by the willingness to back Russia. It can and, probably, is both. One way or another, it only adds greater credibility to the proximity to Russia. In sum, the conceptual part of the relationship, i.e. proximity, has been identified in the bilateral relationship through the textual analysis of the rhetoric. It primarily stems from the client's side though, with the Hungarian leader reinforcing the narratives contributing to the perception of proximity.

## 5.2. Conclusions

The important question is what the particular research design managed to highlight about the bilateral relationship. To go back to the initial research question – *what is the cornerstone of the current Russo-Hungarian relationship* - through the patron-client model, the analysis demonstrated that *the relationship can be characterized as having patron-client relationship features in the energy field*. This has mostly been manifested through the *reciprocal energy deals signalling favourable and preferential treatment on both sides*. The *factor that drives* this intensified cooperation *is Hungary's energy insecurity*. This insecurity is partially the result of the unilateral dependence on Russian supplies. Hence, this ambiguity is also reflected in the key issues – *the Hungarian government seeks ways out of the dependency in the long-term while also seeking the beneficial terms from this dependency in the short- and medium-term*. On top of this, *the conceptual part of the relationship is strongly reinforced by the narratives of shared values, goals, interests and trust*, as well as through *Hungary's rhetorical support of Russia in the European circles* on some matters, like sanctions.

Moreover, as an extension to the already achieved conclusions, it is necessary to be aware of the following. Although not being reviewed under this research design, the overlap of mentalities, as Buzogány (2017) puts it, between the Russian and the Hungarian governing structures does take place. Democratic backslide, promotion of traditional values, violation of media and civil society freedoms – all this has taken place in Hungary since Orbán's government was elected in 2010. Whether there is a correlation between this and the intensifying relationship with Russia would be challenging to prove. One way or another, these changes in Hungary do not push away Kremlin from closer cooperation, whereas the counterparts in the EU are highly troubled by them. In this respect, it would be a fair concern to raise whether the rapprochement with Russia combined with a democratic backslide has somehow to do with Budapest's larger campaign to 'tease' Brussels. Namely, whether there is a place for some kind of pendulum politics that Hungary tries to adhere to so that to rip off the benefits from both sides. These claims can probably be tested if a longer time frame is taken

into consideration. In other words, future developments can shed more light on this assumption.

This research, in turn, has made a valuable contribution to the literature on current Russo-Hungarian relations. It is a critical response to the superficial commentaries labelling the relationship as “Russia’s Trojan Horse project”. Via identifying the gaps left out by the existing literature and employing a refined theoretical framework, the sketched-out research design brought in a fresh critical perspective to the infamous Russo-Hungarian bond. The main asset of this research design is that it managed to go beyond the over-used narratives that were not adding much validity to the general picture, such as the role of Eastern Opening policy or the speculations around the appropriation of the model of illiberal governance. This research project managed to tell the infamous story in a new way. It highlighted the very core of the relationship and the driving force behind it while leaving aside unsupported claims and speculative arguments. It has also provided further research avenues both for the scholars of Russo-Hungarian relations and patron-client theory. The patron-client theory has been left in the past of the Cold War times and is almost not used at all nowadays, only on rare occasions for retrospective studies. However, the case examined in this research demonstrates that since the end of the Cold War patron-client relations still exist but in a newly-evolved form.

Moreover, these conclusions pave the way for certain assumptions or hypotheses for future research projects. The following hypotheses. Since Hungary’s energy insecurity is partially resulting from its dependency on the Russian supplies that, in its turn, is the result of historical events – pipelines built in the communist times, the 1966 nuclear cooperation agreement, LTSCs signed in the past – is there then some kind of a path-dependency? Furthermore, can an actor’s historical decisions lock him into a certain system-level path that would be hard to step off from? How strong can be the extent of this path-dependency – does it tie the actor to a historical partner long into the future? What is the role of international institutions in assisting the actor in breaking off past ties? Another potential research avenue would be exploring the role of party politics and parties’ ideology in shaping the foreign policy course of the country. For instance, to go into establishing the correlation between the party’s ideological positioning on a left-right spectrum and its foreign policy. Fruitful conclusions can be potentially reached via a comparative study across several cases in this kind of research. As per the scholars of the patron-client theory, they can derive some fresh insights into the theory from this research project. It would be interesting to explore the modern-day patron-client ties across other countries’ cases both in the energy field and, probably, across some other fields too.



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